88-771

Supreme Court, U.S.
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JOSEPH F. SPANIOL, JR.
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No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

SUN-TEK INDUSTRIES, INC.

Petitioner,

v.

KENNEDY SKY-LITES, INC. and KENERGY CORPORATION,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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Petitioner is an affiliate, through common stock ownership by Petitioner's president, Mr. J. William Powell, of Sun-Tek Leasing, Inc., and Sun-Tek Trucking, Inc.

QUESTIONS PRESENTED

May a district court, under Rules 59(e) or 60(b) of the Federal Rules of Civil Procedure, reverse part of a final judgment and award attorneys' fees for fraud in the Patent and Trademark Office in an amended final judgment from which Respondents subsequently appealed?

Where a case becomes moot on appeal, by the deliberate action of an Appellant, is the proper course of action to dismiss the appeal or to vacate the judgment below and allow the Appellant to eliminate findings adverse to it?

PARTIES

The following persons and entities were parties to the proceeding in the Court of Appeals: Sun-Tek Industries, Inc. (Plaintiff-Appellee); and Kennedy Sky-Lites, Inc., and Kenergy Corporation (Defendants-Appellants).

TABLE OF CONTENTS

	Page
Questions Presented	i
Parties	i
Table of Contents	ii
Table of Authorities.	iii
Opinions Below.	1
Jurisdictional Statement.	1
Federal Rules Involved.	2
Statement of the Case	4
Existence of Federal Jurisdiction Below.	13
Reasons for Granting the Writ . . .	14
Conclusion.	33
Appendix.	1a

TABLE OF AUTHORITIES

Page

CASES

Alexander v. Orleans Parish Prison, 685 F.2d 1385 (5th Cir. 1982). 21

Bonner v. City of Pritchard, 661 F.2d 1206 (11th Cir. 1981) . 20

Continental Casualty Co. v. American Fidelity & Casualty Co., 186 F. Supp. 173 (S.D. Ill. 1959), aff'd, 275 F.2d 381 (7th Cir. 1960) 18

Cover v. Schwartz, 133 F.2d 541 (2nd Cir. 1943) cert. denied, 319 U.S. 748 (_____) . . 26, 27

Fonar Corp. v. Johnson & Johnson, 821 F.2d 627 (Fed. Cir. 1987), cert. denied, ____U.S. ____) . 29

Glick v. White Motor Co., 317 F. Supp. 42 (E.D. Pa. 1970), aff'd, 458 F.2d 1287 (3rd Cir. 1972) . 18

Hand v. United States, 441 F.2d 529 (5th Cir. 1971) 21

Lairsey v. Advanced Abrasives Co., 542 F.2d 928 (5th Cir. 1976) . 21

Lucas v. Florida Power & Light Co., 729 F.2d 1300 (11th Cir. 1984) 23

Martin v. H.M.B. Construction Co., 279 F.2d 495 (5th Cir. 1960) . 21

Miles Osterneck et al. v. Ernst & Whinney, 825 F.2d 1521 (11th Cir. 1987), cert. granted, ____U.S. ____ Term) . 25

Mills v. Greene, 159 U.S. 651 (1895) 26

Oliver v. Home Indemnity Co., 470 F.2d 329 (5th Cir. 1972) . . 19

Panduit Corp. v. All States Plastics Manufacturing, Co., 744 F.2d 1564 (Fed. Cir. 1984) . 19

Parks v. U.S. Life & Credit Corp., 677 F.2d 838 (11th Cir. 1982) . 20

Public Interest v. Regan, 727 F.2d 1161 (D.C. Cir. 1984) . . . 27

Ringsby Truck Lines v. Western Conference of Teamsters, 686 F.2d 720 (9th Cir. 1982) . . 28

S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc., 781 F.2d 198 (Fed. Cir. 1986) . . . 24

Sun-Tek Industries, Inc. v. Kennedy Sky Lites, Inc., et al., _____F.2d ____ ____U.S.P.Q.2d ____(___ Fed Cir. 1988) . 1, 12

Supreme Court in United States v. Concentrated Phosphate Export Association, 393 U.S. 199 (1968) 26

United States v. Hollis, 424 F.2d 188 (4th Cir. 1970) . . . 18

United States v. Munsingwear, 340 U.S. 36 (1950), vacating . . 29

Vieau v. Japax, Inc., 723 F.2d 1510 (Fed. Cir. 1987) 29

Zeminsky v. U.S. Environmental Protection Agency, 767 F.2d 573 (9th Cir. 1985) 28

STATUTES

28 U.S.C. Section 1254 2

28 U.S.C. §§1331 and 1338(a) . . 13

37 C.F.R. §1.56(a) 24

Patent Act of 1952 (35 U.S.C. §§102 and 103) 6

Patent Code (35 U.S.C. §285) . . 8

Sherman Act (15 U.S.C. §§1 and 2) 6

Title 28, U.S.C., §1655 4

MISCELLANEOUS

7 J. Moore, W. Tagger & J. Wicker, Moore's Federal Practice, ¶60.18(a)(3) 22

OPINIONS BELOW

The Court of Appeals' opinion sought to be reviewed, which is reported at 848 F.2d 179, and additional orders of the Court of Appeals which are not reported appear in the Appendix. The Final Judgment, Amended Final Judgment, and Final Judgment on Attorneys' Fees also appear in the Appendix with other relevant materials from the records in the courts below.

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JURISDICTIONAL STATEMENT

The judgment of the Court of Appeals for the Federal Circuit was entered June 6, 1988. The Federal Circuit denied Petitioner's petition for rehearing on August 1, 1988. The Federal Circuit subsequently declined Petitioner's Suggestion of Rehearing In Banc August 11, 1988. The Court's jurisdiction is invoked

under 28 U.S.C. Section 1254.

_____o_____

FEDERAL RULES INVOLVED

Rule 59(e) of the Federal Rules of Civil Procedure:

"Motion to Alter or Amend a Judgment.

A motion to alter or amend a judgment shall be served not later than 10 days after entry of the judgment."

Rule 60(b) of the Federal Rules of Civil Procedure:

"Mistakes; inadvertence; excusable neglect; newly discovered evidence; fraud, etc.

On motion and upon such terms as are just, the court may relieve a party or a party's legal representative from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable

neglect; (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under Rule 59(b); (3) fraud (whether heretofore denominated intrinsic or extrinsic), misrepresentation, or other misconduct of an adverse party; (4) the judgment is void; (5) the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application; or (6) any other reason justifying relief from the operation of the judgment. The motion shall be made within a reasonable time, and for reasons (1), (2), or (3) not more than one year after the judgment, order, or proceeding was entered or taken. A motion under this

subdivision (b) does not affect the finality of a judgment or suspend its operation. This rule does not limit the power of a court to entertain an independent action to relieve a party from a judgment, order or proceeding, or to grant relief to a defendant not actually personally notified as provided in Title 28, U.S.C., §1655, or to set aside a judgment for fraud upon the court. Writs of *coram nobis, coram vobis, audita querela* and bills of review and bills in the nature of a bill of review, are abolished, and the procedure for obtaining any relief from a judgment shall be by motion as prescribed in these rules or by an independent action.

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STATEMENT OF THE CASE

This case arises from a license

agreement executed between the Parties on July 8, 1980. That license agreement was part of a settlement of previous litigation between the Parties in which Respondents had sued Petitioner, in the Florida courts, for theft of trade secrets and related allegations. Through the license agreement, Petitioner agreed to pay Respondents a license fee and royalties for various skylight machinery and skylight patents then in prosecution.

On July 14, 1981, the first patent covered by the license agreement, patent No. 4,278,414, issued. A subsequent, related patent, 4,344,261, issued August 17, 1982. Later, related patents issued on October 15, 1982 (4,352,776) and May 8, 1984 (4,447,200).

Following issuance of the '414 patent, Respondents made formal demands upon

Petitioner for the payment of royalties under the license agreement. On September 28, 1982, however, Petitioner filed this action, in Federal District Court for the Middle District of Florida, Orlando Division, against Respondents. Petitioner alleged Respondents had perpetrated fraud in the Patent and Trademark Office ("PTO"), seeking a declaratory judgment of invalidity of the patents for fraud, obviousness, anticipation, and prior art under the Patent Code (35 U.S.C. §§102 and 103), damages and injunctive relief under Sections 1 and 2 of the Sherman Act (15 U.S.C. §§1 and 2), and for rescission of the license agreement entered July 8, 1980. Petitioner prayed for an award of its attorneys' fees under the exceptional case provision of the Patent Code (U.S.C. §285). Some 2 days later, Respondents

filed an action for specific performance in Florida state court seeking payment of royalties under the license agreement Petitioner sought rescinded in the Federal action. Respondents subsequently answered the complaint and counterclaimed for infringement of the patents-in-suit.

Some 4 years after the complaint was filed, this action was tried before a jury. After a 2-week trial, the jury returned a unanimous special verdict for Petitioner in July 1986. The jury found Respondents had committed fraud in the PTO in the prosecution of their lead patent ('414). It determined nearly all claims of each and every patent-in-suit were invalid for anticipation, obviousness, or prior art, found Petitioner did not infringe on the two patents on which Respondents alleged infringement, and

found two of the patents-in-suit were also invalid for other violations of the PTO's rules of practice. In an advisory verdict, the jury also recommended the license agreement be rescinded. The antitrust counts did not reach the jury because they were the subject of directed verdicts for Respondents.

Some 3 months later, the District Court entered judgment on the jury's verdict, including the findings of fraud and invalidity, and ordered the license agreement rescinded. Although the District Court found this case was not exceptional under Section 285 of the Patent Code (35 U.S.C. §285), on which an award of attorneys' fees can be based, it ordered further proceedings on the issue of attorneys' fees consistent with its judgment.

Within 10 days after entry of the final judgment, Respondents filed a motion for reconsideration under Rule 59(e). They later filed motions for rehearing, judgment n.o.v., and for a new trial following entry of the final judgment.

Some 19 days after entry of the final judgment in October 1986, Petitioner submitted its motion and memorandum in support of an award of attorneys' fees. Petitioner argued the fraud and other grounds of invalidity found by the jury and incorporated in the judgment required a reversal, as a matter of law, of the final judgments' finding of no exceptional case. Petitioner also argued Respondents' conduct required the imposition of sanctions after post-final judgment discovery ordered by the District Court revealed Respondents had attempted to

prevent a material witness from testifying at trial.

The District Court entered an Amended Final Judgment some 6 months later in March 1987. It affirmed the previous findings of fraud, invalidity, and rescission, and reversed the previous finding of no exceptional case after a substantial discussion of the evidence of fraud adduced on the record and review of post trial motions and memoranda. The District Court therefore concluded Petitioner deserved its attorneys' fees, and awarded approximately $416,000.00 in fees and some $31,000.00 in costs.

Following entry of the Amended Final Judgment, the District Court, at Respondents' request, ordered a hearing on the level of Petitioner's attorneys' fees. Following that hearing in April 1987, the

District Court increased its award to some $440,000.00 in attorneys' fees and $42,000.00 in costs.

Respondents allowed the 30-day period for appealing the Amended Final Judgment to lapse and were granted by the District Court a waiver of the 30-day jurisdictional requirement under Rule 4(a)(5) of the Federal Rules of Appellate Procedure. They did not, however, appeal the judgment of non-infringement.

While this case was on appeal, Respondents and their counsel were found by the District Court to have violated terms of a *supersedeas* bond reduction order. They failed to post an additional bond required by the District Court. In December 1987, Petitioner then executed on and satisfied the judgment in the amount of $518,000.00 representing fees, costs,

the rescinded license fee, and interest. The Court of Appeals for the Federal Circuit subsequently dismissed, as frivolous, a separate appeal taken by Respondents from the bond order and imposed sanctions, under Rule 38 of the Federal Rules of Appellate Procedure, on Respondents' counsel. That case is reported as *Sun-Tek Industries, Inc. v. Kennedy Sky Lites, Inc., et al.*, _____ F.2d ____, 8 U.S.P.Q.2d 1154 (Fed. Cir. 1988).

In an opinion entered June 23, 1988, the Court of Appeals vacated in part and dismissed in part the District Court's judgments on review. It held the District Court was without authority to alter or amend its judgment under Rule 59(e) and it therefore vacated the award of attorneys' fees to Petitioner. It also vacated, as

moot, the judgment of unenforceability of the patents-in-suit. It concluded no case or controversy existed between the Parties on the issue of enforceability or invalidity because Respondents had not appealed the judgment of non-infringement. Accordingly, it determined it was not required to review the enforceability or invalidity of the '414 and '261 patents.

The Court of Appeals subsequently denied Petitioner's request for rehearing and declined Petitioner's suggestion for rehearing *in banc*.

EXISTENCE OF JURISDICTION BELOW

The District Court has federal jurisdiction under 28 U.S.C. §§1331 and

1338(a); and 2201 and 2202, under the federal question presented under the Patent Code and the Federal Declaratory Judgment Act, respectively.

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REASONS FOR GRANTING THE WRIT

I. Summary of Argument

The Supreme Court should grant *certiorari* in this case because the opinion below conflicts with decisions of other Courts of Appeals concerning jurisdiction of a District Court to correct mistakes in judgments under Rules 59(e) and 60(b). This case also joins the novel issue of one Court of Appeals (the Federal Circuit) electing to sit as another Court of Appeals (the Eleventh Circuit) in an announced effort by the former to apply the procedural law of the latter. By misapplying the procedural law

of the Eleventh Circuit, the Federal Circuit has created a conflict in decisions within the Eleventh Circuit. Absent resolution by the Supreme Court on *certiorari*, such a result threatens to carve out an anomalous exception, for vitally important patent litigation, for otherwise controlling procedural precedent.

Certiorari should also be granted because the decision below also creates intolerable tension between Rules 59(e) and 60(b) of the Federal Rules of Civil Procedure. Left unreviewed, the Federal Circuit's decision would deprive District Courts of their ability to correct their judgments where, as here, the full spectrum of fraud perpetrated on an agency of the Federal government did not become apparent until shortly after entry of the

final judgment.

The patent fraud found below by the judge and jury also justifies issuance of the requested writ. The integrity of the PTO's practice and procedure depends substantially upon the patent applicant's duty of candor and requires the private attorneys-general concept of the exceptional case statute. The Federal Circuit's holding below on the District Court's finding of exceptional case squarely contradicts decisions of that same circuit which provide a finding of exceptional case may be made at any time.

This case also presents a second independent basis for issuing *certiorari* to the Federal Circuit. The court below misapplied the concept of mootness and thereby created a conflict between decisions of the Federal Circuit, on the

one hand, and decisions of this Court and other Courts of Appeals, on the other. The net result of the decision below is to allow patents stricken for fraud to be revived solely because the fraudulent patentees did not appeal the judgment of non-infringement they also lost. Left unresolved, the decision of the Federal Circuit will geometrically expand the scope of patent litigation by allowing the holders of patents invalidated by the courts to revive their stricken patents by consciously failing to appeal, as here, counterclaims for infringement of their invalid patents.

II. The Federal Circuit's disposition of the case below conflicts with the treatment of Rules 59(e) and 60(b) by other Courts of Appeals, including the Eleventh Circuit, the precedent of which the Federal Circuit attempted to apply.

The decision below, which holds a District Court is powerless to correct acknowledged errors in its judgment if a motion to alter or amend a judgment is not filed under Rule 59(e) within 10 days after entry of a final judgment, creates a conflict with the laws of other Circuits on two levels. For one, the Courts of Appeals of the Third, Fourth and Seventh Circuits have held precisely the opposite. In *Glick v. White Motor Co.*, 317 F.Supp. 42 (E.D. Pa. 1970), *aff'd*, 458 F.2d 1287 (3rd Cir. 1972), *United States v. Hollis*, 424 F.2d 188, 191 (4th Cir. 1970), and *Continental Casualty Co. v. American Fidelity & Casualty Co.*, 186 F.Supp. 173,

178 (S.D. Ill. 1959), *aff'd*, 275 F.2d 381 (7th Cir. 1960), respectively, Courts of the Third, Fourth, and Second Circuits have determined a District Court need not, within 10-days, reserve such jurisdiction *sua sponte* or require a Rule 59(e) motion to be filed subsequently to alter or amend a final judgment where, as here, no notice of appeal had been filed by any party.

The decision below also merits issuance of the requested writ because it conflicts with precedent of the Eleventh Circuit, the very law the Federal Circuit attempted to apply under its announced practice of applying the procedural law of the circuit in which the case arose. See, *Panduit Corp. v. All States Plastics Mfg., Co.*, 744 F.2d 1564, 1575 (Fed. Cir. 1984). The result of the Federal Circuit's vicarious application of Eleventh Circuit law was to

misinterpret the procedure the Eleventh Circuit would have applied.

Under Eleventh Circuit law, the District Courts possess authority, under Rule 60(b), to correct errors in judgments well after expiration of the Rule 59(e) ten-day time limit. In *Oliver v. Home Indemnity Co.*, 470 F.2d 329 (5th Cir. 1972), for example, the Eleventh Circuit, on which former Fifth Circuit precedent is binding under *Bonner v. City of Pritchard*, 661 F.2d 1206, 1209 (11th Cir. 1981)(*in banc*), held a District Court had jurisdiction, under Rule 60(b), to correct its judgment well beyond 10 days after judgment where, as here, a party timely challenged a judgment under Rule 60(b). In *Oliver*, as in the case at bar, the Eleventh Circuit District Courts entered

amended final judgments correcting their earlier mistakes.

Precedent of the Eleventh Circuit establishes the District Courts are not confined by Rule 59(e) in the correction of errors before appeal. See, *e.g.*, *Parks v. U.S. Life & Credit Corp.*, 677 F.2d 838 (11th Cir. 1982) *rehearing denied*, *Alexander v. Orleans Parish Prison*, 685 F.2d 1385 (5th Cir. 1982)(mistakes of judges may be remedied under Rule 60(b)(1) and the Rule encompasses mistakes in the application of law); *Lairsey v. Advanced Abrasives Co.*, 542 F.2d 928 (5th Cir. 1976) (a rule 60(b)(1) motion even lies while the case is on appeal); *Hand v. United States*, 441 F.2d 529 (5th Cir. 1971) (a rule 60(b) motion lies where a verdict is inconsistent); and *Martin v.*

H.M.B. Construction Co., 279 F.2d 495 (5th Cir. 1960).

The Federal Circuit's decision creates unacceptable tension between Rules 59(e) and 60(b). It threatens to place unanticipated strictures on the Federal Rules of Civil Procedure by not recognizing the District Court held appropriate jurisdiction to correct its mistake, and to act on evidence of fraud under Rule 60(b). Professor Moore has recognized the flexibility afforded to the District Courts under Rule 60(b). In dispensing with the notion Rules 59(e) and 60(b) are somehow mutually exclusive, he observed:

> [T]he courts should and do give liberal construction to 60(b). Nomenclature is unimportant. For example, a motion that is made under Rule 59, which is not timely and hence may not properly be considered under that rule may, nevertheless, be considered as a motion under Rule

> 60 when it states grounds for relief of this latter rule. It is also true that since nomenclature is unimportant, moving papers that are mislabeled in other ways may be treated as motions under Rule 60(b) when relief would be proper under that rule.

7 J. Moore, W. Tagger & J. Wicker, Moore's Federal Practice, ¶60.18(8), 2d ed. 1987.

In this case, Petitioner's motion for attorneys' fees submitted, as directed by the District Court, some 19 days after entry of the final judgment, specifically argued the District Court's first finding of no exceptional case was erroneous as a matter of law and evidence. Such an argument clearly constitutes a motion under Rule 60(b).

At the insistence of Respondents, the Federal Circuit below relied upon two clearly distinguishable decisions of the Eleventh Circuit. The holding in *Hidle v. Geneva County Bd. of Educ.*, 792 F.2d 1098

(11th Cir. 1986), *rehearing denied in banc,* 798 F.2d 1420, *cert. denied,* 479 U.S. 1088 (1987), *on remand,* 681 F.Supp. 752 (M.D. Ala. 1988), was inapplicable to the case at bar. It rested solely upon Rule 59(e) because the Appellee had failed to file any motion, whether under Rules 59(e), 60(b), or otherwise, challenging any part of the District Court's judgment. In *Burnham v. Amoco Container Co.,* 738 F.2d 1230 (11th Cir. 1984), neither party filed any motion, under Rules 59(e), 60(b), or otherwise, before the District Court, *sua sponte,* dismissed a complaint. The Eleventh Circuit explained the Court's subsequent decision to vacate judgment of dismissal was an order under Rule 59(e) tolling the time for appeal. Neither the *Hidle* not *Burnham* facts or Eleventh Circuit procedure were applicable to the

case at bar. The Federal Circuit simply applied the wrong line of Eleventh Circuit cases.

The Supreme Court has recognized the growing division among the Courts of Appeals in the proper application of Rule 59(e). In *Miles Osterneck et al. v. Ernst & Whinney*, 825 F.2d 1521 (11th Cir. 1987), *cert. granted* ____ U.S. ____ (No. 87-1201, 1988 Term), this Court has before it a conflicting approach between the Circuits under Rule 59(e). In the Eleventh Circuit, even a motion for costs filed within 10 days of a Final Judgment, does not constitute a motion under Rule 59(e), as the Federal Circuit below would have required. See, *Lucas v. Florida Power & Light Co., 729 F.2d 1300 (11th Cir. 1984).*

The existence of the exceptional case issue in this case provides yet further

importance to the issues. It also creates a direct conflict within the caselaw interpreting Section 285 and the paramount concern in preserving the integrity of the patent prosecution process which relies so heavily upon applicants' duty of candor codified at 37 C.F.R. §1.56(a). For example, in *S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201 (Fed. Cir. 1986), the Federal Circuit held a trial court's failure to find exceptional case, based upon a finding of fraud in the PTO, was an abuse of discretion. The Federal Circuit in this case, however, ignored such precedent, including a possible remand for new exceptional case findings as was ordered in *S.C. Johnson*. See, 781 F.2d 198, 201-2.

III. The Federal Circuit's Finding of Mootness below and Vacation of the District Court's Judgment of Fraud and Invalidity Conflict with Decisions of the Supreme Court and other Courts of Appeals while Allowing Revival of Fraudulent Patents by the Fraudulent Parties' Contrivance.

The Federal Circuit's decision created a second basis for granting *certiorari*. Its decision to vacate the District Court's judgment of fraud and invalidity as moot conflicts with the stringent test for mootness laid down by the Supreme Court in *United States v. Concentrated Phosphate Export Association*, 393 U.S. 199 (1968). In that case, the Supreme Court held a case which becomes moot while on appeal, requires dismissal of the appeal, not vacating the District Court judgment from which the appeal was taken. See also, *Mills v. Greene*, 159 U.S. 651 (1895).

The Federal Circuit's decision on mootness in this case also affronts cases of the other Courts of Appeals. In a patent case decided by the Second Circuit, for example, *Cover v. Schwartz*, 133 F.2d 541 (2nd Cir. 1943) *cert. denied* 319 U.S. 748, that Circuit recognized that to allow findings of invalidity to be vacated for mootness, simply because a patentee failed, as here, to establish infringement and to appeal that adverse judgment, would create an injustice to the appellee who obtained the benefit of invalidity findings. The *Cover* court recognized any notion of vacating the District Court's judgment of invalidity for mootness would be, ". . .so fine an opportunity generally for a defeated Plaintiff [the patentee] that such a result is really unthinkable. . . ." 133 F.2d, at 549.

The Federal Circuit's decision also conflicts with precedent in the District of Columbia and Ninth Circuits. See, e.g., *Center for Science in the Public Interest v. Regan*, 727 F.2d 1161 (D.C. Cir. 1984)(when the appellant causes dismissal of its own appeal, it is in no position that its right of review of an adverse lower court decision has been lost. Conversely, the prevailing party ought to be left in the same position as if no appeal had been taken); *Ringsby Truck Lines v. Western Conference of Teamsters*, 686 F.2d 720, 721-23 (9th Cir. 1982); and *Zeminsky v. U.S. Environmental Protection Agency*, 767 F.2d 573, at n. 3 (9th Cir. 1985).

The decisions on which the Federal Circuit relied in vacating the unappealed findings enjoyed by Petitioner also reveal

a state of considerable confusion on the concept of mootness in patent actions. The Supreme Court should grant *certiorari* in this action to address, for the first time ever, application of the mootness concept to patent litigation.

The Federal Circuit's confusion on the concept of mootness arises directly from the two cases on which it relied in vacating the findings of fraud and invalidity made by the District Court. Those decisions, *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627 (Fed. Cir. 1987), *cert. denied*, ____ U.S. ____, 108 S. Ct. 751, (1988), and *Vieau v. Japax, Inc.*, 723 F.2d 1510 (Fed. Cir. 1987), involved issues favorable to the appealing party, which issues the appealing party did not appeal. Under the Supreme Court's decision in *United States v. Munsingwear*,

340 U.S. 36 (1950), vacating the decisions below in those appeals was appropriate to clear a path for further litigation between the parties. The Federal Circuit's failure to draw any distinction between favorable and unfavorable findings therefore directly conflicts with the law of the District of Columbia, Second, and Ninth Circuits.

The Federal Circuit's action in vacating the District Court's findings of fraud and invalidity also raises an issue of paramount public significance, as the intellectual property rights protected by patents become increasingly important in the global economy. By allowing a holder of patents found fraudulently procured to revive such patents by the simple expedient of failing to lodge an appeal from infringement counterclaim, the

Federal Circuit's decision below is an effective invitation to defeating the ends of justice. Such holders of putative patents need only file counterclaims for infringement, lose such counterclaims in the District Courts, and fail to appeal such findings of non-infringement to expunge their findings of fraud and invalidity. Petitioner therefore submits *certiorari* should be granted in this case to rectify such as anomalous and contradictory result.

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CONCLUSION

For all the foregoing reasons, the Supreme Court should grant *certiorari* to resolve the conflict among the circuits under Rule 59(e), the conflict under Rules 59(e) and 60(b) created by the Federal Circuit sitting as the Eleventh Circuit, and the conflict created by the Federal Circuit between Rules 59(e) and 60(b); to preserve the strong Congressional policy against the perpetration of fraud in the PTO; to eliminate the conflict between the Federal Circuit's disposition for mootness and the precedent of the Supreme Court and other Courts of Appeals; and to rectify the anomalous result of allowing perpetrators of fraud in the PTO to revive

their stricken patents by electing not to appeal other parts of the judgment they also lost in the District Court.

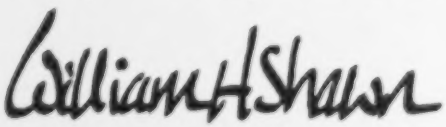
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APPENDIX

TABLE OF CONTENTS

Page

Appendix A: Special Questions to the Jury. 1a

Appendix B: Final Judgment 64a

Appendix C: Amended Final Judgment 76a

Appendix D: Supplemental Opinion to Amended Final Judgment. . . . 90a

Appendix E: Final Judgment on Issue of Attorneys' Fees 107a

Appendix F: Decision on 87-1375 and 87-1421 Appeals before the U.S. Court of Appeals for the Federal Circuit. 114a

Appendix G: Order granting Appellee leave to file its Motion to Dismiss Part of Appeal or, in the Alternative, Suggestion for Mootness 133a

Appendix H: Order denying Motion to Dismiss Part of Appeal or, in the Alternative, Suggestion for Mootness. 135a

Appendix I: Court letter requesting response from appellant to appellee's petition for rehearing 138a

Appendix J: Order denying appellee's petition for rehearing 139a

Appendix K: Order declining appellee's suggestion for rehearing in banc. 141a

IN THE UNITED STATES
DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SUN-TEK INDUSTRIES, INC.,	)	
	)	
Plaintiff,	)	Civil Action
	)	No.
v.	)	
	)	82-469-CIV-ORL
KENNEDY SKY-LITES, INC., and KENERGY CORPORATION,	)	
	)	
Defendants.	)	

SPECIAL QUESTIONS TO THE JURY

A. VALIDITY AND INFRINGEMENT OF KENERGY'S UNITED STATES PATENTS 4,278,414

A1. With respect to Claim 1 of United States Patent 4,278,414:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 1 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 1 pertains?

__X__ Yes _____ No

A2. Do you find that Claim 1 of the United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 1 of the United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 1 of United States Patent 4,278,414 has been infringed by Sun-Tek.

A3. <u>With respect to Claim 2 of United States Patent 4,278,414:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 2 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 2 pertains?

___X___ Yes _____ No

A4. Do you find that Claim 2 of United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 2 of United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 2 of United States Patent 4,278,414 has been infringed by Sun-Tek.

A5. With respect to Claim 3 of United States Patent 4,278,414:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 3 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 3 pertains?

___X___ Yes _____ No

A6. Do you find that Claim 3 of United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 3 of United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 3 of United States Patent 4,278,414 has been infringed by Sun-Tek.

A7. <u>With respect to Claim 4 of United States Patent 4,278,414:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 4 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 4 pertains?

___X___ Yes _____ No

A8. Do you find that Claim 4 of United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 4 of United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 4 of United States Patent 4,278,414 has been infringed by Sun-Tek.

A9. <u>With respect to Claim 5 of United States Patent 4,278,414:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 5 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 5 pertains?

___X___ Yes _____ No

A10. Do you find that Claim 5 of United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 5 of United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 5 of United States Patent 4,278,414 has been infringed by Sun-Tek.

A11. With respect to Claim 6 of States Patent 4,278,414:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 6 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 6 pertains?

___X___ Yes _____ No

A12. Do you find that Claim 6 of United States Patent 4,278,414 has been infringed by Sun-Tek?

_____ Yes, we find Claim 5 (sic) of United States Patent 4,278,414 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 5 (sic) of United States Patent 4,278,414 has been infringed by Sun-Tek.

A13. Do you find clear and convincing evidence that the Patent Examiner (Mr. Flint) handling the application for United States Patent 4,278,414 did not have access to the Shuman patent?

___X___ Yes _____ No

A14. Do you find clear and convincing evidence that employees of Kenergy failed to disclose prior art which the Patent Examiner would have found material in deciding whether to issue United States Patent 4,278,414?

___X___ Yes, we find clear and convincing evidence that employees of Kenergy failed to disclose material prior art.

_____ No, we do not find clear and convincing evidence that employees of Kenergy failed to disclosure (sic) material prior art.

(Answer Question A15 only if your answer to Question A14 was "Yes.")

A15. Do you find clear and convincing evidence that any such failure to disclose prior art on the part of Kenergy's employees was made with the specific intent to commit fraud on the United States Patent and Trademark office?

__X__ Yes, we find clear and convincing evidence that employees of Kenergy specifically intended to commit fraud.

_____ No, we find clear and convincing evidence that employees of

Kenergy did not specifically intend to commit fraud.

(Answer Question A16 if a "Yes" answer was given to any one of questions A2, A4, A6, A8, A10 or A12).

A16. What amount, if any, do you award to Kenergy for the infringements by Sun-Tek of United States Patent 4,278,414?

$ NONE

B. VALIDITY AND INFRINGEMENT OF KENERGY'S UNITED STATES PATENT 4,344,261

B1. Do you find that Claim 1 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 1 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 1 of United States Patent 4,344,261 has been infringed by Sun-Tek.

B2. Do you find that Claim 2 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 2 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 2 of United States Patent 4,344,261 has been infringed by Sun-Tek.

B3. Do you find that Claim 3 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 3 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 3 of United States Patent 4,344,261 has been infringed by Sun-Tek.

B4. Do you find that Claim 4 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 4 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 4 of United States Patent 4,344,261 has been infringed by Sun-Tek.

B5. Do you find that Claim 5 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 5 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 5 of United States Patent 4,344,261 has been infringed by Sun-Tek.

B6. Do you find that Claim 6 of United States Patent 4,344,261 has been infringed by Sun-Tek?

_____ Yes, we find Claim 6 of United States Patent 4,344,261 has been infringed by Sun-Tek.

__X__ No, we do not find Claim 6 of United States Patent 4,344,261 has been infringed by Sun-Tek.

(Answer Question B7 if a "Yes" answer was given to any one of questions B1, B2, B3, B4, B5, or B6).

B7. What amount, if any, do you award to Kenergy for the infringements by Sun-Tek of United States Patent 4,344,261?

$ NONE

C. VALIDITY OF KENERGY'S UNITED STATES PATENTS 4,352,776

C1. Do you find clear and convincing evidence that all of the elements recited in Claim 1 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C2. <u>With respect to Claim 1 of United States Patent 4,352,776:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 1 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 1 pertains?

___X___ Yes _____ No

C3. Do you find clear and convincing evidence that all of the elements recited in Claim 2 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C4. With respect to Claim 2 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 2 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 2 pertains?

__X__ Yes _____ No

C5. Do you find clear and convincing evidence that all of the elements recited in Claim 3 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C6. <u>With respect to Claim 3 of United States Patent 4,352,776:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 3 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 3 pertains?

__X__ Yes _____ No

C7. Do you find clear and convincing evidence that all of the elements recited in Claim 4 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

__X__ Yes.

_____ No.

C8. With respect to Claim 4 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 4 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 4 pertains?

__X__ Yes _____ No

C9. Do you find clear and convincing evidence that all of the elements recited in Claim 5 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C10. With respect to Claim 5 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 5 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 5 pertains?

___X___ Yes _____ No

C11. Do you find clear and convincing evidence that all of the elements recited in Claim 6 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C12. <u>With respect to Claim 6 of United States Patent 4,352,776:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 6 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 6 pertains?

__X__ Yes _____ No

C13. Do you find clear and convincing evidence that all of the elements recited in Claim 7 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C14. With respect to Claim 7 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 7 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 7 pertains?

___X___ Yes _____ No

C15. Do you find clear and convincing evidence that all of the elements recited in Claim 8 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C16. With respect to Claim 8 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 8 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 8 pertains?

___X___ Yes _____ No

C17. Do you find clear and convincing evidence that all of the elements recited in Claim 9 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C18. With respect to Claim 9 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 9 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 9 pertains?

___X___ Yes _____ No

C19. Do you find clear and convincing evidence that all of the elements recited in Claim 10 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

_____ Yes.

__X__ No.

C20. With respect to Claim 10 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 10 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 10 pertains?

_____ Yes _____X_____ No

C21. Do you find clear and convincing evidence that all of the elements recited in Claim 11 of United States Patent 4,352,776 entitled "Apparatus and Method for Fabricating Polycarbonate Skylights" was in public use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes.

_____ No.

C22. With respect to Claim 11 of United States Patent 4,352,776:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 11 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 11 pertains?

___X___ Yes _____ No

D. VALIDITY OF KENERGY'S UNITED STATES PATENTS 4,447,200

D1. Do you find clear and convincing [evidence] that all of the elements recited in Claim 1 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D2. With respect to Claim 1 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 1 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 1 pertains?

___X___ Yes _____ No

D3. Do you find clear and convincing [evidence] that all of the elements recited in Claim 2 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D4. <u>With respect to Claim 2 of United States Patent 4,447,200:</u>

Do you find clear and convincing evidence that the differences between the overall combination of Claim 2 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 2 pertains?

__X__ Yes _____ No

D5. Do you find clear and convincing [evidence] that all of the elements recited in Claim 3 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D6. With respect to Claim 3 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 3 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 3 pertains?

___X___ Yes _____ No

D7. Do you find clear and convincing [evidence] that all of the elements recited in Claim 4 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D8. With respect to Claim 4 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 4 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 4 pertains?

__X__ Yes _____ No

D9. Do you find clear and convincing [evidence] that all of the elements recited in Claim 5 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D10. With respect to Claim 5 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the difference between the overall combination of Claim 5 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 5 pertains?

___X___ Yes _____ No

D11. Do you find clear and convincing [evidence] that all of the elements recited in Claim 6 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

___X___ Yes _____ No

D12. With respect to Claim 6 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 6 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 6 pertains?

__X__ Yes _____ No

D13. Do you find clear and convincing [evidence] that all of the elements recited in Claim 7 of United States Patent 4,447,200 entitled "Apparatus for Molding Skylights" was in prior use more than one year prior to its filing date, or are shown in a single prior art reference or prior art device which is in evidence?

_____ Yes ___X___ No

D14. With respect to Claim 7 of United States Patent 4,447,200:

Do you find clear and convincing evidence that the differences between the overall combination of Claim 7 and the prior art as of August, 1978, when taken as a whole, would have been obvious to one of ordinary skill in the art to which the subject matter of Claim 7 pertains?

_____ Yes ___X___ No

OTHER QUESTIONS

E1. Do you find clear and convincing evidence that the defective declaration renders United States Patent 4,352,776 invalid?

___X___ Yes _____ No

E2. Do you find clear and convincing evidence that the defect in the filing date of United States Patent 4,447,200 renders that patent invalid?

___X___ Yes _____ No

E3. Do you find clear and convincing evidence that the specification in United States Patent 4,278,414 does not support the material added in United States Patent 4,352,776?

_____ Yes ___X___ No

E4. Has Sun-Tek established by clear and convincing evidence that it is entitled to a recision of the license agreement?

___X___ Yes _____ No

WILLFUL INFRINGEMENT

(Answer Question F1 if your answer to any of Questions A2, A4, A8, A10, B1, B2, B3, B4, B5 or B6 is "Yes")

F1. Do you find that any of Plaintiff Sun-Tek's infringements were engaged in willfully?

N/A

_____ Yes _____ No

SO SAY WE ALL.

/s/
Jury Foreman/Forewoman

Dated: 7/25/86

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SUN-TEK INDUSTRIES, INC., a Florida Corporation, Plaintiff,	)	Civil Action No.
v.	)	82-469-Orl-Civ-11
KENNEDY SKY-LITES, INC., a Florida Corporation, and KENERGY CORPORATION, a Florida Corporation, Defendants.	)	

FINAL JUDGMENT

This action came on for trial before the Court and the Jury commencing July 14, 1986, the Honorable Elizabeth A. Kovachevich, District Judge, presiding, and certain of the issues having been resolved by the Court upon motions for Directed Verdict and the remaining issues having been tried to the Jury for Verdict on some issues and the Jury having considered those matters reserved for its

determination,

IT IS ORDERED AND ADJUDGED that:

1. During the trial, the Court GRANTED the following motions for Directed Verdict:

A. Count Two of Plaintiff's third amended complaint sought compensatory and treble damages, attorneys fees and injunctive relief for alleged violations of 15 U.S.C., Section 1 and 2 for alleged monopolization and attempted monopolization. At the close of Plaintiff's case in chief, Defendant Kenergy moved for a Directed Verdict. The Court having reviewed all of the evidence during Plaintiff's case in chief on the grounds that Plaintiff fails to establish prima facie case under Count Two, the motion for a Directed Verdict as to Count Two of the third amended complaint is

GRANTED and Plaintiff's Count Two is dismissed with prejudice.

B. Count Three of Plaintiff's third amended complaint sought compensatory and treble damages, attorneys fees and an injunction for alleged violations of 15 U.S.C., Section 1 in relation to the alleged tie-in scheme. Defendant Kenergy moved for a Directed Verdict at the close of Plaintiff's case in chief as to Count Three. The Court having analyzed all of the evidence presented during Plaintiff's case in chief and having found that Plaintiff failed to establish a prima facie case under Count Three, Defendants' motion for a Directed Verdict is GRANTED and Count Three of Plaintiff's third amended complaint is dismissed with prejudice.

C. At the close of all of the evidence, Defendant moved for a Directed

Verdict as to the issues of anticipation under 35 U.S.C., Section 102, obviousness under 35 U.S.C., Section 103, and the issue of lack of candor with respect to prior art allegedly withheld from the patent examiner during the prosecution of the '414 patent. After a review of all of the evidence, the Court has found there is no evidence which established the anticipation under 35 U.S.C., Section 102 of the subject matter of the '414 patent and therefore a Directed Verdict is GRANTED as to that issue; further, that a Directed Verdict for Defendants has been entered under Count One of the complaint on the issue of inventorship under the doctrine of derivation under United States Patent 4,278,414.

D. At the close of all of the evidence, Defendant Kenergy moved for a Directed Verdict on the issue of the

validity of the '261 patent under 35 U.S.C., Sections 102 and 103. The Court having found that Plaintiff Sun-Tek presented no evidence of invalidity under 35 U.S.C., Sections 102 and 103 of the '261 patent, Defendants' motion for a Directed Verdict on those issues is GRANTED.

2. During the trial, after instruction, the Jury deliberated and returned the following Verdicts which the Court hereby confirms and directs entry of judgment regarding the same:

A. Based upon the findings of the Jury, a Judgment is entered that all of the claims of the '414 patent are obvious under 35 U.S.C., Section 103, and are unenforceable because of Defendant Kenergy's fraud and failing to disclose certain prior art to the patent examiner.

B. Upon the Jury's Verdict, a Judgment is entered that Plaintiff has not infringed any of the claims of the '414 patent.

C. Upon the Jury's Verdict, it is adjudged that Plaintiff has not infringed any of the claims of the claims (sic) of the '261 patent.

D. Upon the Jury's Verdict, it is hereby adjudged that the material added in the '776 patent is supported by the original specification of the '414 patent.

E. Upon the Jury's Verdict, it is hereby adjudged that claim 10 of the '776 patent is valid.

F. Upon the Jury's Verdict, it is hereby adjudged that claims 1-9 and claim 11 of patent '776 are invalid under 35 U.S.C., Section 102 for prior public uses, anticipatory prior art having an effective date prior to Kenergy's invention date of

August 1978 and it is hereby further adjudged that the subject matter of claims 1-9 and claim 11 of the '776 patent would have been obvious to one of ordinary skill in the art when taken as a whole as of August, 1978.

G. Upon the Jury's Verdict, it is hereby adjudged that claim 7 of the '200 patent is valid.

H. Upon the Jury's Verdict it is hereby adjudged that claims 1-6 of the '200 patent are invalid under 35 U.S.C., Section 102 for prior public use, anticipatory prior art having an effective date prior to Kenergy's invention date of August, 1978, and it is hereby further adjudged that the subject matter of claim 1-6 of the '200 patent would have been obvious to one of ordinary skill in the art when taken as a whole as of August, 1978.

3. During the trial, the Court reserved determination of certain matters and directed questions to the Jury for the purpose of advisory opinions from them. Having evaluated the foregoing, the Court rules as follows:

A. The parties agreed that the question of whether the '261 patent is invalid because of any fraud which may have been engaged in with respect to the '414 patent would be reserved for subsequent determination by the Court. The Court finds that all claims of United States Patent 4,344,261 are invalid for fraud in the procurement of the related patent 4,278,414.

B. The parties have agreed that the question of whether the '776 patent is invalid because of any fraud involved in the '414 patent is a matter for subsequent determination by the Court. The Court

finds that all claims of United States Patent 4,352,776 are invalid for fraud in the procurement of the related patent 4,278,414.

C. While the Jury rendered an advisory opinion that the defective declaration in the '776 patent renders that patent invalid, the parties have agreed that whether this patent is invalid because of the defective declaration is a matter for subsequent determination by the Court. The Court finds that the defective declaration in United States Patent 4,352,776 renders said patent invalid.

D. The parties have agreed that the question of whether the '200 patent is invalid because of any fraud involved in the '414 patent is a matter for subsequent determination by the Court. The Court finds that all claims of United States Patent 4,447,200 are invalid for fraud in

the procurement of related United States Patent 4,278,414.

E. While the Jury rendered an advisory opinion that the defective filing date in the '200 patent renders that patent invalid, the parties have agreed that whether this patent is invalid because of the defective filing date is a matter for subsequent determination by the Court. The Court finds that the United States Patent 4,447,200 is invalid because the application that matured into that patent was not filed before the patenting of the application that matured into United States Patent 4,352,776.

F. The Jury advisory opinion is that Plaintiff is entitled to a recision of the July 8, 1980 license agreement; the Court had reserved ruling on the same to determine the amount of monetary recovery to which Plaintiff is entitled, if any; in

addition, there is the sum of $15,000.00, which sum represents the license fee paid by Plaintiff to Defendant Kennedy under the license agreement which the Court may determine is allowable herein. the Court now finds that Plaintiff is entitled to a recision of the July 8, 1980 license agreement; further, the Court finds that the total recovery for the same is the sum of $15,000.00, plus interest.

G. This Court expressly reserved jurisdiction to determine whether this action is an exceptional case under 35 U.S.C., Section 285. This Court specifically finds that this is not an exceptional case. After presiding in this trial and having heard and observed the positions of the respective parties herein, what was truly "obvious" was the inordinate expenditures of effort, time

and money herein, including Court resources.

H. This Court expressly reserved jurisdiction to determine whether any party is entitled to its taxable costs of action. Further this Court retained jurisdiction for the entry of appropriate attorneys fees consistent with the findings herein. If the parties are unable to agree upon said fees and costs, memoranda and affidavits are to be submitted by them regarding their respective positions within twenty days from October 10, 1986.

It is so ordered.

/s/ October 17, 1986
Elizabeth A. Kovachevich
United States District Judge

COPIES TO:
William H. Shawn, Esquire
Robert B. Nadeau, Jr., Esquire
MacDonald J. Wiggins, Esquire
Herbert L. Allen, Esquire

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SUN-TEK INDUSTRIES, INC., a Florida Corporation, Plaintiff,	)	Civil Action No. 82-469-Orl-Civ-11
v.	)	
KENNEDY SKY-LITES, INC., a Florida Corporation, and KENERGY CORPORATION, a Florida Corporation, Defendants.	)	

AMENDED FINAL JUDGMENT

This action came on for trial before the Court and the Jury commencing on July 14, 1986, the Honorable Elizabeth A. Kovachevich, District Judge, presiding, and certain of the issues having been resolved by the Court upon motions for Directed Verdict and the remaining issues having been tried to the Jury for Verdict on some issues and the Jury having considered those matters reserved for its

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complaint is GRANTED and Plaintiff's Count Two is dismissed with prejudice.

B. Count Three of Plaintiff's third amended complaint sought compensatory and treble damages, attorneys fees and an injunction for alleged violations of 15 U.S.C., Section 1 in relation to the alleged tie-in scheme. Defendant Kenergy moved for a Directed Verdict at the close of Plaintiff's case in chief as to Count Three. The Court having analyzed all of the evidence presented during Plaintiff's case in chief and having found that Plaintiff failed to establish a prima facie case under Count Three, Defendants' motion for a Directed Verdict is GRANTED and Count Three of Plaintiff's third amended complaint is dismissed with prejudice.

C. At the close of all the evidence Defendant moved for a Directed Verdict as

to the issues of anticipation under 35 U.S.C., Section 102, obviousness under 35 U.S.C., Section 103, and the issue of lack of candor with respect to prior art allegedly withheld from the patent examiner during the prosecution of the '414 patent. After a review of all of the evidence, the Court has found there is not evidence which established the anticipation under 35 U.S.C., Section 102 of the subject matter of the '414 patent and therefore a Directed Verdict is GRANTED as to that issue; further, that a Directed Verdict for Defendants has been entered under Count One of the complaint on the issues of inventorship under the doctrine of derivation under United States Patent 4,278,414.

D. At the close of all of the evidence, Defendant Kenergy moved for a Directed Verdict on the issue of the

validity of the '261 patent under 35 U.S.C., Sections 102 and 103. The Court having found that Plaintiff Sun-Tek presented no evidence of invalidity under 35 U.S.C., Section 102 and 103 of the '261 patent, Defendants' motion for a Directed Verdict on those issues is GRANTED.

2. During the trial, after instruction, the Jury deliberated and returned the following Verdicts which the Court hereby confirms and directs entry of judgment regarding the same:

A. Based upon the findings of the Jury, a Judgment is entered that all of the claims of the '414 patent are obvious under 35 U.S.C., Section 103, and are unenforceable because of Defendant Kenergy's fraud and failing to disclose certain prior art to the patent examiner.

B. Upon the Jury's Verdict, a Judgment is entered that Plaintiff has not

infringed any of the claims of the '414 patent.

C. Upon the Jury's Verdict, it is adjudged that Plaintiff has not infringed any of the claims of the '261 patent.

D. Upon the Jury's Verdict, it is hereby adjudged that the material added in the '776 patent is supported by the original specification of the '414 patent.

E. Upon the Jury's Verdict, it is hereby adjudged that claim 10 of the '776 patent is valid.

F. Upon the Jury's Verdict, [it] is hereby adjudged that claims 1-9 and claim 11 of patent '776 are invalid under 35 U.S.C., Section 102 for prior public uses, anticipatory prior art having an effective date prior to Kenergy's invention date of August 1978 and it is hereby further adjudged that the subject matter of claims 1-9 and claim 11 of the '776 patent would

have been obvious to one of ordinary skill in the art when taken as a whole as of August, 1978.

G. Upon the Jury's Verdict, it is hereby adjudged that claim 7 of the '200 patent is valid.

H. Upon the Jury's Verdict, it is hereby adjudged that claims 1-6 of the '200 patent are invalid under 35 U.S.C., Section 102 for prior public use, anticipatory prior art having an effective date prior to Kenergy's invention date of August, 1978, and it is hereby further adjudged that the subject matter of claim 1-6 of the '200 patent would have been obvious to one of ordinary skill in the art when taken as a whole as of August, 1978.

3. During the trial, the Court reserved determination of certain matters and directed questions to the Jury for the

purpose of advisory opinions from them. Having evaluated the foregoing, the Court rules as follows:

A. The parties have agreed that the question of whether the '261 patent is invalid because of any fraud which may have been engaged in with respect to the '414 patent would be reserved for subsequent determination by the Court. All the claims of United States Patent 4,344,261 are invalid for fraud in the procurement of the related patent 4,278,414, of which United States Patent 4,344,261, was a division, was co-pending, included substantially the same subject matter and incorporated Defendants' misrepresentations to the PTO;

B. The parties have agreed that the question of whether the '776 patent is invalid because of any fraud involved in the '414 patent is a matter for subsequent

determination by the Court. All the claims of United States Patent 4,352,776 are invalid for fraud in the procurement of the related patent 4,278,414, which patent was a parent of the continuation-in-art application from which United States Patent 4,352,776, issued. The Court further finds United States Patent 4,352,776, was co-pending with United States Patent 4,278,414, included the same or substantially similar subject matter, and also included additional fraud in the Patent and Trademark Office, including a failure to disclose prior method art supplied by others.

C. While the Jury rendered an advisory opinion that the defective declaration in the '776 patent renders that patent invalid, the parties have agreed that whether this patent is invalid because of the defective declaration is a

matter for subsequent determination by the Court. The Court finds that the defective declaration in United States Patent 4,352,776 renders said patent invalid.

D. The parties have agreed that the question of whether the '200 patent is invalid because of any fraud involved in the '414 patent is a matter for subsequent determination by the Court. All the claims of United States Patent 4,447,200 are invalid for fraud in the procurement of the related United States Patent 4,278,414, which patent involved the same apparatus. This Court further finds Defendants also committed fraud in misrepresenting their knowledge of material prior art, the true filing date of the application which matured into United States Patent 4,447,200, and in disclosing the actual nature of material prior art.

E. While the Jury rendered an advisory opinion that the defective filing date in the '200 patent renders that patent invalid, the parties have agreed that whether this patent is invalid because of the defective filing date is a matter for subsequent determination by the Court. The Court finds that the United States Patent 4,447,200 is invalid because the application that matured into that patent was not filed before the patenting of the application that matured into United States Patent 4,352,776.

F. The Jury advisory opinion is that Plaintiff is entitled to a recission (sic) of the July 8, 1980 license agreement; the Court had reserved ruling on the same to determine the amount of monetary recovery to which Plaintiff is entitled, if any; in addition, there is the sum of $15,000.00, which sum

represents the license fee paid by Plaintiff to Defendant Kennedy under the license agreement which the Court may determine is allowable herein. Defendants' patents-in-suit are the subject matter of the license agreement and the fraud in the Patent & Trademark Office committed by Defendants was central to the representations made to induce Plaintiff to sign the license agreement and, accordingly, Plaintiff is entitled to rescission of the license agreement and to recovery of its license fees paid, plus interest. The Court now finds that Plaintiff is entitled to a rescission of the July 8, 1980 license agreement. Further, the Court finds that the total recovery for the same in the sum of $15,000.00 plus interest.

G. This Court expressly reserved jurisdiction to determine whether this

action is an exceptional case under 35 U.S.C., Section 285. This Court specifically finds, after a review of all motions and memoranda, this is an exceptional case.

H. This Court expressly reserved jurisdiction to determine whether any party is entitled to its taxable costs of action. Further this Court retained jurisdiction for the entry of appropriate attorney fees consistent with the findings herein. The parties were unable to agree upon said fees and costs, memoranda and affidavits are to be submitted by them regarding their respective positions. Accordingly, this Court expressly taxes costs and awards fees under Subparagraph G. above, to Plaintiff, as sought by Plaintiff in its motions and supplemental motion for attorneys' fees and costs.

It is so ordered.

/s/ March 30, 1987
Elizabeth A. Kovachevich
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SUN-TEK INDUSTRIES, INC., a Florida Corporation, Plaintiff(s),	)	Civil Action No.
v.	)	
KENNEDY SKY-LITES, INC., and KENERGY CORPORATION, Defendants.	)	82-469-Orl-Civ

SUPPLEMENTAL OPINION TO AMENDED FINAL JUDGMENT

This Supplemental Opinion is rendered simultaneously with the entry of an Amended Final Judgment herein. On October 17, 1986, this Court entered a Final Judgment in this cause. Subsequent thereto, there has been filed herein a plethora of motions, memos, letters, and other matters of concern for this Court. Unless expressly ruled upon previously, or ruled upon in either the Amended Final Judgment or this Opinion, all matters upon

which ruling has not been made, are hereby expressly, specifically, and individually DENIED.

The trier of fact in this cause heard and received considerable evidence. Certain pertinent testimony was influencial (sic) and persuasive herein.

Witness Jack Shuman was the holder of the first heated clamp frame patent, was the individual to whom General Electric referred polycarbonate customers, and was the person who traveled to the facilities of the Defendants with his heated clamp frame, after which Defendants purportedly invented the heated clamp frame without making any reference to the Shuman device until Plaintiff filed this law suit alleging fraud and Defendants filed their '200 patent application, which application seriously distorted Mr. Shuman's device

by, as Mr. Shuman testified, turning it upside down.

Witness Milton Priest, retired technical representative from the plastic's division of General Electric, established that he directed Defendants' (sic) to the Shuman Company and the Shuman heated clamp frame, all evidence of which Defendants omitted from their patent prosecution materials, until the '200 patent was filed in an attempt to disguise the Shuman patent.

Witness Charles Gholz was qualified as an expert in the law of the patent office practice and procedure. His testimony highlighted the deficiencies in the '776 and '200 patents, as well as testimony regarding how patents are prosecuted, and the duty of candor regarding the same.

Witness Kenneth Zeop established that he tested the heated clamp frame in his facilities, and, that the very components that Defendants represented they had perfected, were available "off-the-shelf" and had been assembled and run by his company, as a customer service to Defendants.

Witness Roger Mulcahy had been with the plastic's division of General Electric for fifteen (15) years. This witness testified that Defendants had received the guidance and information necessary to solve their wavy flanges problem, had been told that the temperatures at which the raw material was to be preheated and formed, and had actually received descriptive literature providing such guidance and heated clamp frame information. This testimony was creditable (sic) and directly contradicted

the representations made by Defendants in obtaining their patents and impeached the testimony of Defendants' fact witness and alleged inventor, Kent A. Weisner.

Witness John Wise from AAA Plastics Inc. was qualified as an expert in design and use of thermoforming machinery. This witness described how these Defendants had simply combined off-the-shelf items to use a piece of machinery commonly available elsewhere.

Witness Fred J. Myer was qualified as an expert from the plastics industry regarding polycarbonate thermoforming; he also is a registered professional engineer in the State of Texas. His analysis of Defendants' Exhibits 1, 5, 8, and 10 in evidence were critical to a property understanding of how to evaluate and understand the Defendants' patents and the confusion therein.

Witness Richard Morgan provided testimony regarding Defendants' efforts to market their patents; those marketing efforts formed a prime motivation for the perpetration of fraud upon the Patent and Trademark Office, and apparently were prompted by Defendants' inability to compete with more efficient, low-cost competitors, including Plaintiff herein.

Even witness Michael Colitz, an attorney and former patent examiner, who was qualified as an expert for the Defendants, provided corroboration regarding certain patent office procedures. Witness Colitz, however, did disagree with the conclusions of the witness Gholz. Both the jury and this Court find the testimony of witness Gholz, in consideration of the totality of the evidence of this case, to be more reasonable and consistent herein.

When the foregoing testimony is reviewed, and other evidence is considered, the judgment of the jury and this Court is well founded. Plaintiff's Exhibit #57, an affidavit by Defendant President, Kent Weisner, establishes the existence of prior art before the Defendant Kenergy invention date. When combined with other documentary evidence that the Defendants did not cite, it discloses all of the elements of the '414 claims. This affidavit revealed that the Defendants had in their possession the Shuman sales brochures and the drawings of the very mold subsequently duplicated by Defendants, and, Defendants' receipt of the General Electric materials.

Mr. Weisner admitted that he actually visited the witness Robert Kostur Tubmaster Company facility where he saw molds being made for another sky light

manufacturer. Mr. Weisner also admitted that he received those same drawings, within two weeks after his visit to the Kostur facility in February, 1978, examined the drawings in his facilities, and actually placed his initial on one set of them, after which, upon learning the price of the molds was over $50,000.00, Kenergy came up with their own design and had them fabricated elsewhere.

Therefore, Defendants' own President acknowledged that he saw the actual molds, had the drawings, and even initialed them nearly a year before the purported invention. An examination of the actual mold drawings revealed that they included the very steps embraced within the claims of '414 patents. Witnesses Kostur, Zable, Weisner, and Powell all discussed those matters. The mold drawings operated on exactly the same type of rotary

thermoforming equipment in the same fashion as those which Defendants' molds subsequently accomplished through their co-acting".

Witness Casper Roberts, President of Defendants' competitor, Tubmaster, testified and described his production of sky lights on a rotary thermoforming to which the Shuman heated clamp frames had been installed and had produced sky lights without any difficulty.

Witness Weisner admitted Defendants' receipt of the Shuman materials months prior to Defendants' application for the '414 patent. The Shuman materials included the drawings of the actual electrical circuits for the heated clamp frame. Technical manuals from General Electric, which contain the actual instructions to combine the individual elements anticipated by Defendants'

claims, were in Defendants' possession in August 1978, or were available as prior art. Plaintiff's Exhibit #9 shows mold design, including heated molds, specifies temperatures, identifies solution to flange problems, and displays an issue date of August 20, 1975. Plaintiff's Exhibit #10b identifies temperature to which clamp frames must be pre-heated and identifies the normal processing temperatures of polycarbonate during thermoforming. Plaintiff's Exhibit #93 contained guidance provided by General Electric in identifying the clamp frame pre-heat temperature.

Accordingly, the prior art, established through documentary evidence acknowledged to be in the Defendants' possession before the invention date, anticipated each and every element of the '414 patent.

Further Plaintiff President, witness J. William Powell, described in significant detail his level of skill applied in designing Plaintiff's plastic sky light manufacturing equipment. Witness Casper Roberts testified regarding his qualifications and skill, to which reference has been made hereinbefore. Witness Milton Priest described his qualifications and experience as did witness Mulcahy. Even witness Zeop, a salesman at the machinery company which sold the rotary, described his qualifications in the case in which he combined the individual elements including the obsolete slip ring to assemble and successfully test the combination of all the elements for Defendants.

Regarding application of expertise in the sky light industry, witness Shuman noted the sale of his heated clamp frames

to Tubmaster and the successful working of those frames on the Tubmaster's rotary, to which, the Kostur perimeter molds were installed. Witness Myers testified regarding his past relationship with Tubmaster and his familiarity with its sky light manufacturing. Witness Wise noted his expertise in plastic thermoforming equipment sold to the sky light industry.

Witnesses Powell, Priest, and Zeop all established the complete predictability of Defendants' combination of the prior art and are illustrative of the obviousness in this case. Regarding the heated clamp frame, witness Shuman described how Defendants had turned his clamp frame upside down in an attempt to distinguish it from the Defendant '200 patent. As witness Shuman said, there were none; "heat is heat".

Regarding the availability of the Shuman patent to the examiner in the Patent and Trademark Office, plaintiff expert witness Colitz could not testify to a certainty that the examiner had access to the Shuman patent. On the other hand, Defendants' expert witness Gholz described in substantial detail the entire process by which examiners perform their function. His conclusion that the examiner could not have seen the Shuman patent was reasonable; said witness also noted that such oversights were not at all unknown to the PTO.

In Plaintiff's Exhibit #1, the actual '414 patent, it reveals that the examiner did see an earlier Shuman patent, and that patent actually appears as a reference on the '414 patent. Since the earlier Shuman patent did not even include a heated clamp frame, it is reasonable to infer that a

more relevant patent, that which was omitted, would have been cited had the patent examiner found it. The Defendants' subsequent utilization of the Shuman heated clamp frame patent, in the upside down rendition incorporated in Defendants' '200 patent, simply adds to the basis for concluding that the patent office examiner did not see the Shuman patent.

There is evidence of a substantial and repetitive fraud on the Patent and Trademark Office in this case! The withheld prior art was material. Such prior art revealed each and every element of the '414 claims, and was already known and in use. Each and every element worked in the same manner and produced the same result as the alleged combination invention, and, the Defendants were told as much by the General Electric representatives on the scene.

The prior art was most material, especially considering Defendants' attorneys' repeated representations, and response to the PTO, that the uniqueness in the invention was a heretofore unsolved problem of wavy flanges. It was Defendants own action and their later distortion of the Shuman patent in the '200 application which established the materiality of the withheld prior art! Defendants had in their possession the very prior art they told the examiner was missing; therefore, they violated their duty of candor herein.

The Court must consider the award of attorney's fees to the Plaintiff in this cause. The entire course of conduct exhibited in Defendants' prosecution of their positions herein revealed a blatant plan to commit fraud on the patent office. While this Court has no doubt that the

motivations for the same were business based, that stands as no excuse for their bad actions herein. The Defendants manipulated the system. Fortunately, through the efforts of the Plaintiff, the Defendants have ultimately been unsuccessful. Plaintiff deserves its attorney's fees and costs herein. This Court specifically finds the sum of $447,716.37 for total attorneys fees and disbursements from the commencement of this action to the date of this Order reasonable, necessary, and justified.

Since the entry of the initial Final Judgment on October 17, 1986, approximately five pages have been added to the Clerk's entry docket record in this cause; enough is enough.

DONE AND ORDERED in Chambers, in Tampa, Florida, this 3rd day of March, 1987.

/s/
ELIZABETH A. KOVACHEVICH
United States District Judge

Copies to:
All counsel of Record

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

SUN-TEK INDUSTRIES, INC., a Florida Corporation, Plaintiff,	)	Civil Action No.
v.	)	82-469-Orl-Civ-11
KENNEDY SKY-LITES, INC., a Florida Corporation, and KENERGY CORPORATION, a Florida Corporation, Defendants.	)	

FINAL JUDGMENT ON ISSUE OF ATTORNEYS' FEES

Following entry of the Amended Final Judgment in this action on March 3, 1987, this Court entered an order on March 18, 1987, reserving jurisdiction to consider additional documentation in support of legal fees and costs awarded in the Amended Final Judgment, affording the parties an opportunity to request oral argument on such additional documentation, providing Plaintiff with an opportunity to request additional reasonable legal fees

and costs incurred since trial, and providing Plaintiff with its attorneys' fees and costs, in the event Plaintiff prevailed, in whole or part, on the reasonableness of the fees awarded in the amended final judgment. In all other respects, the order entered March 18, 1987 denied Defendants' motions and requests.

Pursuant to the order entered March 18, 1987, Plaintiff submitted additional documentation in support of the reasonableness of fees awarded in the Amended Final Judgment. Such materials consisted of affidavits submitted by Plaintiff's lead and local counsel, underlying billing documentation bearing time entries by attorney or paralegal, time descriptions, and fee calculations supporting actual invoices also submitted and reasonable fees and costs claimed. Upon Defendants' motion, this Court held

an evidentiary hearing for the parties to present additional evidence, including oral testimony, on the fees awarded by this Court and those sought by Plaintiff post-trial. Plaintiff and Defendants submitted additional documentation, presented witness testimony, and conducted cross-examination of their respective witnesses.

At the close of the evidentiary hearing, this Court further ordered the parties to submit memoranda on any remaining issues. Pursuant to such directive, Plaintiff and Defendants have submitted memoranda in support of their respective position.

Upon consideration of all the evidence and arguments on the issue of attorneys' fees and costs,

IT IS ORDERED AND ADJUDGED that:

1. The appropriate prevailing hourly rate standard to be applied to Plaintiff's lead counsel, his partners, associates, and paralegals is that of Washington, D.C.;
2. Plaintiff's lead counsel's hourly rates and those of this (sic) partners, associates, and paralegals are reasonable hourly rates in the Washington, D.C. community;
3. Plaintiff's decision to employ Washington lead counsel was necessary and proper and, therefore, Plaintiff's employment of its local counsel in Orlando, Fla., was reasonable and proper;

4. Defendants do not dispute the reasonableness of Plaintiff's local counsel's hourly rates, and this Court so specifically finds such hourly rates to be reasonable;

5. That based upon Plaintiff's expert testimony of record at the evidentiary hearing, Plaintiff's lead counsel's rates are not unreasonable when judged against prevailing rates in Central Florida;

6. That the time and effort expended by Plaintiff's counsel in this matter before and after trial was necessary, justified, and reasonable;

7. That Plaintiff has submitted adequate documentation supporting the fees awarded by

this Court in the Amended Final Judgment and those sought post trial;

8. That Plaintiff has supported its apportionment of fees between the issues on which it prevailed and those it lost, all of which are connected by the common issue of the patent claims previously stricken for fraud in the Final Judgment and Amended Final Judgment;

9. That Plaintiff is specifically entitled, under the Lodestar calculation, to the following reasonable attorneys' fees and costs, as calculated below:

	Fees	Disbursements
Original Award	$416,191.82	$31,524.55
Post-Trial:		
WHS	52,631.25	4,587.19
SB&M (thru 3/87)	20,912.50	3,498.71
SB&M (thru 4/87)	14,481.25	1,055.62
AS&E (thru 3/87)	3,304.70	1,384.92
	$507,521.52	$42,050.99
Less DLNI recalculation Original 126,297.067 x 55% = $69,463.38	(63,606.40)	
	$443,915.12	42,050.99
Less AS&E recalculation at hearing	(3,207.00)	
	$440,708.12	
TOTAL		$482,759.11*

*Does not include April and May Akerman et al. time and disbursements or May Shawn et al., time and disbursements.

IT IS SO ORDERED;

/s/ May 21, 1987
ELIZABETH A. KOVACHEVICH
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1375 and 87-1421

SUN-TEK INDUSTRIES, INC.,

Plaintiff-Appellee,

v.

KENNEDY SKY LITES, INC.
AND KENERGY CORPORATION,

Defendants-Appellants.

DECIDED: June 6, 1988

Before SMITH, Circuit Judge, BALDWIN, Senior Circuit Judge, and ARCHER, Circuit Judge.

ARCHER, Circuit Judge.

Kennedy Sky Lites, Inc. and Kenergy Corporation (Kenergy) appeal the judgments of the United States District Court for the Middle District of Florida holding certain of its patents to be invalid and/or unenforceable and awarding attorney

fees to Sun-Tek Industries, Inc. (Sun-Tek) under 35 U.S.C. §285 (1982).

BACKGROUND

Sun-Tek brought this action against Kenergy for a declaratory judgment that U.S. Patent Nos. 4,278,414 ('414), 4,344,261 ('261), 4,352,776 ('776) and 4,447,200 ('200) were invalid and unenforceable. Kenergy counterclaimed for infringement.[1]

Following a jury trial, the district court entered a Final Judgment on October 17, 1986. That judgment incorporated the court's direct verdict on some issues, the jury's verdict on others, and the court's rulings as to certain issues reserved for its determination. The district court

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[1]Other issues before the district court, not directly pertinent to this appeal, include violations of the antitrust laws, patent misuse, and validity of a licensing agreement.

held the '261 patent not to be invalid under sections 102 and 103, but "invalid for fraud in the procurement of related patent 4,278,414." The jury found the '261 patent not infringed. The jury also found that the '414 patent would have been obvious under section 103, and that it was unenforceable, but not infringed. With respect to the '776 patent, the jury found only claim 10 to be valid (claims 1-9 and 11 were found to be invalid under sections 102 and 103); the court, however, ruled that the patent was invalid for fraud in the procurement of the related '414 patent and for a defective declaration. Finally, the jury determined that only claim 7 of the '200 patent was valid (claims 1-6 were found to be invalid under sections 102 and 103); again the district court found this patent to be invalid due to fraud in the procurement of the '414 patent and also

held it to be invalid for a defective filing date.

In its Final Judgment the court devoted a paragraph to its holding of no exceptional case under 35 U.S.C. §285, stating:

> G. This Court expressly reserved jurisdiction to determine whether this section is an exceptional case under 35 U.S.C. Section 285. This Court specifically finds that this is not an exceptional case. After presiding in this trial and having heard and observed the positions of the respective parties herein, what was truly "obvious" was the inordinate expenditures of effort, time and money herein, including Court resources.
> (Emphasis in original.)

The court went on in the next paragraph to say that the court "retained jurisdiction for the entry of appropriate attorney fees consistent with the findings herein. If the parties are unable to agree upon said fees . . . memoranda and affidavits are to

be submitted by them regarding their positions."

Kenergy timely filed post-judgment motions for judgment notwithstanding the verdict, for a new trial, and for reconsideration, rehearing and/or amendment to the judgment as to certain non-jury issues. Kenergy also sought attorney fees based on Sun-Tek's failure to present a justiciable case on its antitrust claims.

On November 5, 1986, Sun-Tek filed a Motion for Attorneys' Fees and Costs contending, inter alia, that the case was "exceptional" and that it was entitled to attorney fees under 35 U.S.C. §285.

The district court issued an Amended Final Judgment on March 30, 1987 in which it found that this was an exceptional case, contrary to its determination in its October 17, 1986 Final Judgment, and

awarded attorney fees to Sun-Tek in the amount of $447,716.37. In the Supplemental Opinion to Amended Final Judgment, which was issued contemporaneously with the Amended Final Judgment, the court explained that "[t]he entire course of conduct exhibited in Defendants' prosecution of their positions herein revealed a blatant plan to commit fraud on the patent office. . . . Plaintiff deserves its attorney's fees and costs."

Kenergy has appealed the district court's determination in the Amended Final Judgment that this was an exceptional case and the amount of the award of attorney fees to Sun-Tek based on that finding. With regard to unenforceability, invalidity and infringement, Kenergy has appealed only the determination of unenforceability of the four patents

(based on fraud in the procurement of the '414 patent) and the invalidity of the '414 patent. The portion of the judgment that the '414 and the '261 patents were not infringed has not been appealed; nor has Kenergy appealed the portion of the judgment that the '776 and the '200 patents are invalid due, respectively, to a defective declaration and to a defective filing date. Further, the invalidity under 35 U.S.C. §§102 and 103 of claims of the '776 and the '200 patents (one claim in each patent having been found valid) has not been appealed.

OPINION

A. Exceptional Case

Kenergy contends that because the district court determined as a part of its Final Judgment of October 17, 1986 that the case was not an "exceptional case under 35 U.S.C. 285," it could only

reconsider and modify that determination pursuant to Fed. R. Civ. P. 59 and 60. Because neither Sun-Tek nor the district court, sua sponte, preserved jurisdiction over the exceptional case issue within the ten day limit prescribed by Rule 59,[2] Kenergy argues, the district court was without jurisdiction in its March 3, 1987 Amended Final Judgment to reverse its prior determination and find the case exceptional.

The time limit under Rule 59(e) within which a party may move to amend a judgment is a procedural matter which is not unique to patent law. The law of the regional circuit court from which the appeal arose is the controlling authority in actions before this court with respect

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[2]Fed. R. Civ. P. 59(e) provides that "A motion to alter or amend the judgment shall be served not later than 10 days after entry of the Judgment."

to its review of such procedural issues that are not unique to patent law. On these matters,

> we sit as if we were the particular regional circuit court where appeals from the district court we are reviewing would normally lie. . . . Where the regional circuit court has not spoken, we need to predict how that regional circuit would have decided the issue in light of the decisions of that circuit's various district courts, public policy, etc.

Panduit Corp. v. All States Plastic Mfg. Co., 744 F.2d 1564, 1575, 223 USPQ 465, 472 (Fed. Cir. 1984). Thus, for the purposes of deciding whether the district court retained jurisdiction to alter or amend its judgment pursuant to Rule 59, we apply the law of the Eleventh Circuit.

The Eleventh Circuit has held that a district court has limited power to act sua sponte to alter or amend a judgment under Fed. R. Civ. P. 59(e), but such

power must be exercised within the ten day time limit. Burnam v. Amoco Container Co., 738 F.2d 1230, 1232 (11th Cir. 1984). Fed. R. Civ. P. 6(b) provides that a court may in its discretion enlarge a time limit "but it may not extend the time for taking any action under [Rule]. . .59(e)." The ten day time limit imposed by Rule 59(e) is therefore jurisdictional and may not be waived by a court. See Sutliff, Inc. v. Donovan Companies, Inc., 727 F.2d 648, 652 (7th Cir. 1984); Textile Banking Co., v. Rentschler, 657 F.2d 844, 849 (7th Cir. 1981); Hairline Creations, Inc. v. Kefalos, 664 F.2d 652, 655, 660, 212 USPQ 734, 736, 740 (7th Cir. 1981) (A motion filed twenty-eight days after judgment was found to be untimely.); Scola v. Boat Frances, R., Inc., 618 F.2d 147, 154 (1st Cir. 1980). Applying the precedent of the Eleventh Circuit in Burnam, 738 F.2d at

1232, a district court has no inherent authority and cannot sua sponte, modify its judgment outside of the ten day limit.

Although it did not timely file a motion under Rule 59(e), Sun-Tek argues that it is entitled to prevail because Kenergy's timely motions challenged almost the entire Final Judgment and thus opened the entire judgment up to modification or amendment by the district court. It is only the absence of any Rule 59(e) motion which is jurisdictional according to Sun-Tek's argument. Kenergy's motions, however, did not challenge the court's determination in the Final Judgment that the case was not exceptional. Sun-Tek also argues that by retaining "jurisdiction for the entry of appropriate attorney fees consistent with the findings herein," the district court did, sua

sponte, retain jurisdiction to reverse its judgment that the case is not exceptional.

In Hidle v. Geneva County Bd. of Educ., 792 F.2d 1098 (11th Cir. 1986), cert. denied, 107 S. Ct. 1296 (1987), the Eleventh Circuit considered whether a party's motion to alter or amend a judgment pursuant to Fed. R. Civ. P. 59 empowers the district court, in effect, to vacate a judgment in favor of the moving party so as to rule in favor of the non-moving party. Although the court expressly stated that it was not attempting to lay down a general rule concerning the power of a court to amend a judgment to the benefit of a non-moving party when the moving party has sought relief under Rule 59, it held, under the facts presented, that the district court erred in so doing.

Hidle was a sex discrimination case in which the district court found that there had been a violation of Title VII of the Civil Rights Act of 1964. It directed the defendant to offer plaintiff the next available position, but it did not award her back pay and certain other relief to which she was presumptively entitled under the court's findings. Plaintiff filed a motion pursuant to Rule 59(e) seeking an amendment of the judgment to award such back pay and other relief. Some seven months later "the court denied plaintiff's motion, set aside the judgment in her favor, and entered judgment for the defendant." Hidle, 792 F.2d at 1100. No post-judgment motion under Rule 59 to alter or amend the judgment or for a new trial had been filed by defendant.

The Eleventh Circuit reversed and ordered the district court to reinstate

its original judgment. The court stated that if actions such as this by the district court were permitted, the error-correcting function of a Rule 59(e) motion would be inhibited. It reasoned that if the district court were correct "a successful plaintiff given a less-than-complete remedy could not ask for correction without putting at risk the judgment in her favor though the party cast in judgment has raised no question of the validity of the judgment." Id. The court also noted that "the interest of the parties and society in the finality of judgments, and the legitimate expectation of the parties concerning the judgment to the extent it is not questioned by the parties, speak against pulling the rug from under the plaintiff eight months after she filed her motion to correct errors in the remedy granted." Id.

We are persuaded that under the reasoning of Hidle the Eleventh Circuit would rule that a district court is without authority to alter or amend a judgment which is not subject to a timely motion under Rule 59(e). As in Hidle, Kenergy in timely filing such a motion as to other parts of the judgment should not, in doing so, have risked having issues decided in its favor overturned. The interest of the parties and society in the finality of judgments and the legitimate expectation of the parties concerning the judgment to the extent it is not questioned in the manner required by Rule 59(e) militate against the district court's action herein. See id. We also do not consider the district court's action herein, nor did the court so indicate or the parties contend, to fall within other provisions of Rule 59 or 60.

Sun-Tek's argument that the district court retained jurisdiction to reverse its judgment that this is not an exceptional case when it retained jurisdiction to award attorney fees consistent with its findings is also not persuasive because the district court was not acting within the jurisdiction it retained. The court did not merely award attorney fees consistent with its judgment; it reversed the part of its judgment relating to exceptional case. To permit the district court to reverse the unchallenged and unreserved part of its judgment seven months after it was rendered, where jurisdiction had been retained only to award attorney fees consistent with the findings contained in the judgment, would undermine the finality of judgment. The

Eleventh Circuit in Hidle expressly rejected a similar result on that basis. Id.

Accordingly, the portion of the Amended Final Judgment awarding attorney fees to Sun-Tek under 35 U.S.C. §285 is vacated.

B. Invalidity and Unenforceability

The district court found that the '414 and the '261 patents were not infringed by Sun-Tek, and Kenergy has not appealed these holdings. Because Sun-Tek does not infringe the '414 and '261 patents, there remains no case or controversy between the parties requiring a decision on the enforceability or validity of these patents. Fonar Corp. v. Johnson & Johnson, 821 F.2d 627, 634, 3 UPSQ2d 1109, 1114 (Fed. Cir. 1987), cert. denied, 108 S. Ct. 751 (1988); Vieau v. Japax, Inc.,) 823 F.2d 1510, 3 USPQ2d 1094

(Fed. Cir. 1987) (Bennett, J., concurring). Thus, Kenergy's appeal requesting review of the enforceability or validity of the '414 and the '261 patents is dismissed as moot.

Kenergy also has not appealed that portion of the district court's judgment finding the '776 patent invalid for a defective declaration and the '200 patent invalid for a defective filing date.[3] Accordingly, we do not decide the enforceability issues raised on appeal with respect to these patents, because the issues are moot and to do so would be to render an opinion where no case or controversy exists. See Altvater v.

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[3]Kenergy has not appealed the portion of the district court's judgment finding claims 1-9 and 11 of the '776 patent and claims 1-6 of the '200 patent invalid under 35 U.S.C. §§102 and 103.

Freeman, 319 U.S. 359, 363-64 (1943). Kenergy's appeal requesting review of the enforceability of the '776 and '200 patents is also dismissed as moot.

In view of our dismissal for mootness of the enforceability issues, we vacate that portion of the district court's judgment holding that the four patents at issue are "unenforceable" or "invalid" for fraud.

COSTS

The parties shall bear their respective costs.

VACATED-IN-PART AND DISMISSED IN PART

NOT TO BE PUBLISHED IN A REPORTER

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

KENNEDY SKY-LITES, INC. and KENERGY CORPORATION,	)	
Appellants,	)	Appeal Nos. 87-1375 and 1421
v.	)	
SUN-TEK INDUSTRIES, INC.	)	
Appellee	)	

APPEAL FROM
THE UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION
HONORABLE ELIZABETH A. KOVACHEVICH,
UNITED STATES DISTRICT JUDGE

ORDER

Appellee, having moved for leave to file its Motion to Dismiss Part of Appeal or, in the Alternative, Suggestion of Mootness:

IT IS HEREBY ORDERED:

1. That Appellee is granted leave to file its Motion which a copy is attached to Appellee's Motion for Leave to File.

DATED:

7/25/88

/s/
[Glen L. Archer, Jr.]
Circuit Judge

cc: Herbert L. Allen, Esq.
Denis L. Durkin, Esq.
William H. Shawn, Esq.

NOT TO BE PUBLISHED IN A REPORTER

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

KENNEDY SKY-LITES, INC. and KENERGY CORPORATION,	)	
Appellants,	)	Appeal Nos. 87-1375 and 1421
v.	)	
SUN-TEK INDUSTRIES, INC.	)	
Appellee	)	

APPEAL FROM
THE UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA,
ORLANDO DIVISION
HONORABLE ELIZABETH A. KOVACHEVICH,
UNITED STATES DISTRICT JUDGE

MOTION TO DISMISS PART OF APPEAL OR,
IN THE ALTERNATIVE, SUGGESTION FOR MOOTNESS

Appellee Sun-Tek Industries, Inc., hereby moves the Court for an order dismissing as moot Appellants' appeal of

the trial court's judgment of fraud and invalidity and related matters.

STATEMENT OF THE CASE

In the decision entered June 6, 1988, in this case[1], the panel dismissed for mootness Appellants' appeal of the holdings of fraud and invalidity because Appellants had failed to appeal the holdings against them of noninfringement and invalidity based on grounds other than fraud. The panel then ordered the trial court's holdings of fraud and invalidity to be vacated as moot.

Appellee filed a Petition for Rehearing with Suggestion for Rehearing In Banc on June 20, 1988. It noted the panel

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[1]Sun-Tek Industries, Inc. v. Kennedy Sky-Lite, et al., Nos. 87-1375 and 1421, Slip Op. (June 6, 1988).

erred in vacating the trial court's holdings of fraud and invalidity, when

Motion Denied [hand-written]

Glen L. Archer, Jr. 7/25/88 [hand-written]
Circuit Judge [hand-written]

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT
717 Madison Place, N.W.
Washington, D.C. 20439

June 24, 1988

Francis X. Gindhart Telephone: 633-6550
Clerk Area Code 202

Mr. Herbert L. Allen
Duckworth, Allen & Dyer
Box 3791
Orlando, Florida 32802

Dear Mr. Allen:

Sun-Tek Ind v Kennedy Sky Lites
Appeal No. 87-1375

The court has requested a response from appellant to appellee's petition for rehearing.

Please file your response in accordance with Federal Circuit Rule 40 for Section I of Argument only. Please file it on or before July 11, 1988.

Very truly yours,

/s/

Francis X. Gindhart

FSG:mym

cc: Mr. William H. Shawn

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1375 and 87-1421

SUN-TEK INDUSTRIES, INC.,

Plaintiff-Appellee,

v.

KENNEDY SKY LITES, INC.
AND KENERGY CORPORATION,

Defendants-Appellants.

Before SMITH, Circuit Judge, BALDWIN, Senior Circuit Judge, and ARCHER, Circuit Judge.

O R D E R

A petition for rehearing by appellee and a response by appellant having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

FOR THE COURT:

/s/
Francis X. Gindhart, Clerk

8/1/88
Date

cc: Mr. Herbert L. Allen
Mr. William H. Shawn

Note: This Order has not been prepared for publication in a printed volume because it does not add significantly to the body of law and is not of widespread legal interest. It is a public record. It is not citable as precedent.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

87-1375 and 87-1421

SUN-TEK INDUSTRIES, INC.,

Plaintiff-Appellee,

v.

KENNEDY SKY LITES, INC.
AND KENERGY CORPORATION,

Defendants-Appellants.

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc is declined.

FOR THE COURT:

/s/
Francis X. Gindhart, Clerk

8/11/88
Date

cc: Mr. Herbert L. Allen
Mr. William H. Shawn

Supreme Court, U.S.
FILED
DEC 8 1988
JOSEPH F. SPANIOL, JR.
CLERK

(3)

No. 88-771

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

SUN-TEK INDUSTRIES, INC.,
Petitioner,

v.

KENNEDY SKY-LITES, INC. and KENERGY CORPORATION,
Respondents.

RESPONSE TO THE PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Joel H. Sharp, Esquire*
Denis L. Durkin, Esquire
Beth B. Ball, Esquire
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20pp

QUESTIONS PRESENTED

Whether a district court may reverse the part of a final judgment wherein it expressly held the action before it was not an exceptional case under 35 U.S.C. §285 when the party who sought to reverse the judgment served a motion more than ten days after entry of the final judgment based on 28 U.S.C. §§1920, 1927, 35 U.S.C. §285, and Fed. R. Civ. P. 11 and 54, which motion the court did not deem to come within Rule 60.

Whether the court of appeals, after finding no case or controversy existing between the parties on appeal that would require a decision on the enforceability or validity of patents, properly dismissed the appeal as moot and vacated the relevant portion of the district court's judgment.

TABLE OF CONTENTS

QUESTIONS PRESENTED i

TABLE OF AUTHORITIES iii

STATEMENT OF THE CASE 1

REASONS FOR DENYING THE PETITION 4

I. SUMMARY OF ARGUMENT 4

II. THE APPELLATE COURT'S DECISION IS CONSISTENT WITH ALL OTHER FEDERAL COURTS OF APPEALS AND WITH SUPREME COURT DECISIONS ON THE ISSUE OF RULE 59(e) AND RULE 60(b) APPLICATION 4

III. THE APPELLATE COURT'S DECISION IS CONSISTENT WITH ALL OTHER FEDERAL COURTS OF APPEALS AND WITH SUPREME COURT DECISIONS ADDRESSING THE DUTY OF AN APPELLATE COURT TO VACATE A LOWER COURT'S JUDGMENT WHEN THE JUDGMENT IS UNREVIEWABLE FOR MOOTNESS 10

CONCLUSION 15

TABLE OF AUTHORITIES

	Page
Burke v. Barnes, 107 S. Ct. 734 (1987)	10
Burnam v. Amoco Container Company, 738 F.2d 1230 (11th Cir. 1984)	7
Center for Science in the Public Interest v. Regan, 727 F.2d 1161 (D.C. Cir. 1984)	12,13
Continental Casualty Company v. American Fidelity & Casualty Company, 186 F. Supp. 173, (S.D. Ill. 1959), *aff'd*, 275 F.2d 381 (7th Cir. 1960)	6
Cover v. Schwartz, 133 F.2d 541 (2nd Cir. 1942), *cert. denied*, 319 U.S. 748 (1943)	11,12
Duke Power Company v. Greenwood County, S. C., 299 U.S. 259 (1936)	14
Electrical Fittings Corporation v. Thomas & Betts Company, 307 U.S. 241 (1939)	12
Fonar Corporation v. Johnson & Johnson, 821 F.2d 627 (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 751 (1988)	14
Glick v. White Motor Co., 317 F. Supp. 42 (E.D. Pa. 1970), *aff'd*, 458 F.2d 1287 (3rd Cir. 1972	5
Hidle v. Geneva County Board of Education, 792 F.2d 1098 (11th Cir. 1986) *cert. denied*, 479 U.S. 1088 (1987)	7
Karscher v. May, 108 S. Ct. 388 (1987)	10
Lucas v. Florida Power & Light Company, 729 F.2d 1300 (11th Cir. 1984)	8
Mills v. Greene, 159 U.S. 651 (1895)	11
Oliver v. Home Indemnity Company, 470 F.2d 329 (5th Cir. 1972)	6

Table of Authorities Continued

	Page
Osterneck v. E. T. Barwick Industries, Inc., 825 F.2d 1521 (11th Cir. 1987), *cert. granted sub nom. Osterneck v. Ernst & Whinney*, 108 S. Ct. 2032 (1988)	8
Ringsby Truck Lines, Inc. v. Western Conference of Teamsters, 686 F.2d 720 (9th Cir. 1982)	13
S. C. Johnson & Son, Inc. v. Carter-Wallace, Inc., 781 F.2d 198 (Fed. Cir. 1986)	9
United States Department of Treasury v. Galioto, 477 U.S. 556 (1986)	10
United States v. Concentrated Phosphate Export Association, Inc., 393 U.S. 199 (1968)	10,11
United States v. Hollis, 424 F.2d 188 (4th Cir. 1970)	5
United States v. Munsingwear, Inc., 340 U.S. 36 (1950)	10,13,14
Vieau v. Japax, Inc., 823 F.2d 1510 (Fed. Cir. 1987)	14
White v. New Hampshire Department of Employment Security, 455 U.S. 445 (1982)	8
Zemansky v. United States Environmental Protection Agency, 767 F.2d 569 (9th Cir. 1985)	13,14

STATEMENT OF THE CASE

The Petitioner initiated this suit against Respondents[1] seeking a Declaratory Judgment that certain patents for which it held a non-exclusive license were invalid and unenforceable. Petitioner sought other relief including antitrust remedies which were not relevant to the appeal below in this case. Respondents asserted a counterclaim against Petitioner for patent infringement. Following Petitioner's case in chief, the trial court granted a directed verdict in favor of Respondents on some issues, including the antitrust claims. After trial, the jury found that the '414 patent was obvious, that Respondents committed fraud with respect to the '414 patent, that certain claims of the '776 and '200 patents were valid and the remainder invalid.

On October 17, 1986, the trial court entered a Final Judgment as to all issues. The Final Judgment confirmed the directed verdict and the jury verdict. The court found that the '261, '776 and '200 patents were invalid for fraud in the procurement of related '414 patent. In addition, the court found this was "not an exceptional case under 35 USC §285." (Petitioner's app. p. 74a).[2] Respondents timely filed post judgment motions for Judgment Notwithstanding the Verdict, for a New Trial, for Reconsideration, Rehearing and/

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[1] In accordance with Rule 28.1, Respondents state: Kennedy Sky-Lites, Inc. is a subsidiary of Kenergy Corporation; Kenergy Corporation and Kennedy Sky-Lites, Inc. have no other parent companies, subsidiaries or affiliates.

[2] All appendix references are to Petitioner's appendix.

or Amendment to the Judgment as to certain Non-Jury Issues, and for Attorney's Fees.[3]

On November 5, 1986, more than ten days after the judgment, Petitioner filed a Motion and Memorandum for Attorneys' Fees and Costs under 35 U.S.C. §285, Fed. R. Civ. P. 11 and 54, and 28 U.S.C. §§1920 and 1927. On March 3, 1987 the district court issued an Amended Final Judgment wherein it reversed its ruling regarding exceptional case[4] and pursuant to that reversal awarded $447,716.37 to Petitioner for attorneys' fees. (app. p. 105a). On March 12, 1987, Respondents filed a Motion for Rehearing, Reconsideration and Amendment as to the Amended Final Judgment. On March 18, 1987, the trial court ordered Petitioner to submit additional documentation in support of its attorneys' fees request. On May 21, 1987, the trial court entered a judgment prepared by Petitioner's counsel awarding attorneys' fees in the amount of $482,759.11. (app. p. 113a).

Respondents filed a Notice of Appeal on May 18, 1987 with respect to the March 3, 1987 Amended Final Judgment, which was assigned Appeal No. 87-1375. Following the May 21, 1987 Order on Attorneys' Fees, a second appeal, No. 87-1421, was filed. The appellate court consolidated the two appeals. The appeal was briefed and oral argument was heard on December 2, 1987.

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[3] Respondents' attorneys' fees motion was based on Petitioner's failure to present a justiciable issue in its antitrust claims.

[4] Petitioner claims that the Federal Circuit has decided that a "finding of exceptional case may be made at any time." (Petition p. 16). Petitioner fails to cite any case to support this statement, and none exists.

The appellate court issued a judgment in favor of Respondents on June 6, 1988, reversing and vacating that portion of the district court's Amended Final Judgment awarding attorneys' fees to Petitioner. (app. p. 114a). The appellate court recognized a district court's power to act *sua sponte* to alter or amend a judgment under Fed. R. Civ. P. 59(e) as long as it acted within the ten-day time limit.

The appellate court ruled that "a district court is without authority to alter or amend a judgment which is not subject to a timely motion under Rule 59(e)." 848 F.2d 179, 182. In dicta, the Court stated that it did not "consider the district court's action herein, nor did the Court so indicate or the parties contend, to fall within other provisions of Rule 59 or Rule 60." (app. p. 128a).

The appellate court also dismissed as moot Respondents' appeal requesting review of the enforceability and validity of the four patents at issue. The appellate court pointed out that because Petitioner did not infringe the patents, the appellate court would be rendering an opinion where no case or controversy existed as to the enforceability or validity of those patents. Since it could not review the district court's rulings on enforceability or validity, the appellate court vacated that portion of the district court's judgment respecting enforceability and validity. Petitioner's Request for Rehearing and Suggestion for Rehearing En Banc were denied by the court of appeals.

REASONS FOR DENYING THE PETITION

I. SUMMARY OF ARGUMENT.

No special or important reasons exist for granting the petition. Petitioner did not argue before the appellate court below, nor has it ever contended before filing its petition, that its Motion and Memorandum for Attorney's Fees under 35 U.S.C. §285, Fed. R. Civ. P. 11 and 54, and 28 U.S.C. §§1920 and 1917, could possibly be construed as a Rule 60(b) Motion. Petitioner admits that it filed its Motion nineteen (19) days after entry of the Final Judgment rendered October 17, 1986; as a matter of law, Petitioner's Motion was untimely under Rule 59(e).

Although the Petitioner, in an effort to create an issue for certiorari, misstates the holdings of several of the cases, the Petition still fails to explain the conflict claimed to exist between the appellate court below and other Federal courts. No conflict exists among the federal courts regarding the application of Rules 59 and 60 or the application of the concept of mootness. The relevant case law, including that cited by Petitioner, does not support Petitioner's allegations of conflict.

II. THE APPELLATE COURT'S DECISION IS CONSISTENT WITH ALL OTHER FEDERAL COURTS OF APPEALS AND WITH SUPREME COURT DECISIONS ON THE ISSUE OF RULE 59(e) AND RULE 60(b) APPLICATION.

Petitioner first contends that the Courts of Appeals of the Third, Fourth and Seventh Circuits have held that a trial court may alter or amend a Final Judgment more than ten days after it was rendered without reserving such jurisdiction and without a timely

Rule 59(e) motion from a party. (Petition p. 18). Petitioner misconstrues the three cases it cites for this proposition. In the first case, *Glick v. White Motor Co.*, 317 F. Supp. 42 (E.D. Pa. 1970) *aff'd*, 458 F.2d 1287 (3rd Cir. 1972), the district court held that where prejudgment interest was a matter of right pursuant to statute, and where the judgment was silent as to such interest, plaintiff's untimely rule 59(e) motion to amend the judgment to include prejudgment interest was deemed to be a rule 60(a) motion to correct a clerical mistake. Awarding interest in accordance with statutory law was not equivalent to reversing a substantive portion of the judgment. Thus, because a Michigan statute provided "interest shall be allowed on any money judgment recovered in a civil action . . ." and because the plaintiff in *Glick* recovered a money judgment, the award of prejudgment interest was a purely ministerial act within rule 60(a) and not a discretionary act within rule 59(e). 317 F. Supp. at 45.

In the instant case, Petitioner has not maintained that the district court's action in reversing its ruling of exceptional case was "a matter of right" or a "clerical mistake," nor could such argument be reasonably made. The plain language of rule 60(a) makes it clear that the rule was not promulgated as a vehicle for reversing the substantive aspects of a judgment. The *Glick* court's analysis of whether to apply rule 59(e) or 60(a), therefore, is inapplicable to the instant case. Likewise, Petitioner's reliance on *United States v. Hollis*, 424 F.2d 188 (4th Cir. 1970), is inexplicable because, unlike Petitioner herein, the Plaintiff in *Hollis* apparently filed a timely rule 59 motion. *Id.* at 190.

Petitioner's reliance on *Continental Casualty Company v. American Fidelity & Casualty Company*, 186 F. Supp. 173, (S.D. Ill. 1959) *aff'd*, 275 F.2d 381 (7th Cir. 1960), is equally misplaced. In *Continental*, the district court entered judgment in the amount of $10,525.00 against the defendant, after which defendant filed its *timely* Motion to Alter or Amend the Judgment. 186 F. Supp. at 175 (emphasis added). Although the court increased the damages awarded against defendant, the defendant did not appeal the increased award made pursuant to its timely Rule 59(e) Motion and thus the circuit court did not address the issues addressed in the instant case by the appellate court below.

Petitioner next contends that the holding below conflicts with the holding in *Oliver v. Home Indemnity Company*, 470 F.2d 329 (5th Cir. 1972). In *Oliver*, a third party defendant filed a Motion for Reconsideration of the district court's decision, alleging that "relatively recent Texas decisions had changed the law applicable" to the court's earlier ruling. 470 F.2d at 330. The district court held the motion to be within the provisions of rule 60(b)(1), interpreting rule 60 so that "mistake" encompassed judicial mistakes in applying the appropriate law. 470 F.2d at 330. *Oliver* is consistent with the appellate opinion in the instant case because first, no relatively recent decisions have changed the law applicable to the district court determination herein. Second, neither Petitioner nor the courts suggested below that rule 60 should apply to the district court's reversal. Third, the reversal was not subject to a rule 60 motion because it reversed a substantive portion of the judgment.

Furthermore, contrary to its claim on page 20 of the Petition, Petitioner did not "timely challeng[e] [the district court] judgment under rule 60(b)." Petitioner's Motion and Memorandum for Attorneys' Fees and Costs never mentioned rule 60 and the district court in its Amended Final Judgment made no reference whatsoever to rule 60. Moreover, the appellate court below pointed out that it did "not consider the district court's action herein, nor did the court so indicate or the parties contend, to fall within other provisions of Rule 59 or Rule 60." (app. p. 128a).

Petitioner cites a string of cases in support of the proposition that "district courts are not confined by Rule 59(e) in the correction of errors before appeal." (Petition p. 21). The opinion below contains nothing that would contradict or conflict with this proposition. Petitioner failed to argue that its Motion and Memorandum for Attorneys' Fees and Costs was a rule 60(b) motion for relief from judgment. However, even if Petitioner had made such an argument it would have been unsuccessful. Regardless of labeling, a motion seeking substantive modification of a judgment, such as Petitioner sought, must be considered a rule 59 motion.

Petitioner objects to the appellate court's reliance on *Hidle v. Geneva County Board of Education*, 792 F.2d 1098 (11th Cir. 1986) *cert. denied*, 479 U.S. 1088 (1987), and *Burnam v. Amoco Container Company*, 738 F.2d 1230 (11th Cir. 1984). The appellate court's interpretation of these two cases was correct. Despite Petitioner's bare statement that such interpretation and reliance was erroneous, Petitioner has not cited any Eleventh Circuit case, nor that of any other cir-

cuit, that the Federal Circuit's interpretation conflicts with, notwithstanding Petitioner's claims that such a conflict exists.

Petitioner also fails to recognize the test courts use to determine whether a motion, regardless of its title, comes within the parameters of rule 59(e). All the cases cited by Petitioner agree that regardless of labeling, a motion seeking substantive modification of a judgment is a rule 59 motion. *Osterneck v. E. T. Barwick Industries, Inc.*, 825 F.2d 1521 (11th Cir. 1987), *cert. granted sub nom. Osterneck v. Ernst & Whinney*, 108 S. Ct. 2032 (1988); *Lucas v. Florida Power & Light Company*, 729 F.2d 1300 (11th Cir. 1984). Both the *Osterneck* and *Lucas* opinions refer to the decision of this Court in *White v. New Hampshire Department of Employment Security*, 455 U.S. 445 (1982).

In *White*, this Court resolved a conflict among the circuits on the application of Rule 59(e). Petitioner is trying to revive this conflict where no conflict exists. The cases Petitioner cites to support its notion of conflict do not involve substantive changes in the judgments but are merely trial court awards consistent with their final judgments. In the instant case, the trial court's amended judgment was *not* consistent with its earlier judgment, but was a reversal of an explicit ruling. No conflict exists because unlike *White* and its progeny, the district court here "reversed the part of its judgment relating to exceptional case." (app. p. 129a). An "exceptional case" ruling is an integral substantive part of a final judgment and a ruling that a case is exceptional is a prerequisite to an award of attorney's fees. Thus, the trial court's reversal of its exceptional case finding was a "sub-

stantive modification" of the original judgment subject to rule 59 and therefore had to be initiated within ten days.

Petitioner's final argument for this issue claims that the appellate court "ignored precedent" such as *S. C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198 (Fed. Cir. 1986). *S. C. Johnson & Son, Inc.* was not a precedent case for the instant case. The ruling in *S. C. Johnson & Son, Inc.* supports the proposition that a district court must explain a ruling that a case is not exceptional when it also makes a specific finding of willful infringement. 781 F.2d at 201. In the instant case, the district court did not make a finding of willful infringement and in fact specifically found that Petitioners did *not* infringe the patents in question (app. p. 69a) and Respondents did not appeal that ruling. Therefore, the district court sufficiently explained its no exceptional case ruling because there was no willful infringement. Thus, no conflict exists between the holding in *S. C. Johnson & Son, Inc.* and the appellate ruling herein.

This Petition should be denied because Petitioner has never before characterized its Motion of November 5, 1986 as a rule 60(b) Motion. The argument Petitioner asserts in support of its request for a Writ of Certiorari is being made for the first time in its Petition. No conflict can exist among the circuits on the issue as Petitioner suggests, when its arguments were never presented to the circuit court below for a decision. Furthermore, Petitioner's motion cannot come within the realm of rule 60(b) because Petitioner was seeking a substantive modification of the judgment and thus had to meet the ten (10) day time

restriction of rule 59, which even under its own rendition of the facts it failed to meet.

III. THE APPELLATE COURT'S DECISION IS CONSISTENT WITH ALL OTHER FEDERAL COURTS OF APPEALS AND WITH SUPREME COURT DECISIONS ADDRESSING THE DUTY OF AN APPELLATE COURT TO VACATE A LOWER COURT'S JUDGMENT WHEN THE JUDGMENT IS UNREVIEWABLE FOR MOOTNESS.

The appellate court's decision in the instant case accords with *Karscher v. May*, 108 S. Ct. 388 (1987); *Burke v. Barnes*, 107 S. Ct. 734 (1987); *United States Department of Treasury v. Galioto*, 477 U.S. 556 (1986); *United States v. Munsingwear, Inc.*, 340 U.S. 36 (1950). This line of cases stands for the proposition that when mootness of an appeal prevents review of an adverse lower court decision, and mootness was not caused by intentional activity of the appellant, the appellate court should vacate the lower court judgment. "The established practice of the Court in dealing with a civil case from a court in the federal system which has become moot while on its way here or pending our decision on the merits is to reverse or vacate the judgment below and remand with a direction to dismiss." 340 U.S. at 39. (Footnote omitted).

The Petitioner tries to create conflict by citing *United States v. Concentrated Phosphate Export Association, Inc.*, 393 U.S. 199 (1968). In *Concentrated Phosphate*, the Supreme Court states the appropriate test for mootness in an antitrust case, reaffirming its earlier rulings that "mere voluntary cessation of allegedly illegal conduct does not moot a case." *Id.* at 364. The *Concentrated Phosphate* case addresses the

construction of the Webb-Pomerene Export Trade Act and fails to support Petitioner's claim that the Supreme Court held "a case which becomes moot while on appeal requires dismissal of that appeal, not vacating the District Court judgment from which the appeal was taken." (Petition p. 27). Thus, despite Petitioner's assertions, no conflict exists between the court of appeals decision in the instant case and the *Concentrated Phosphate* case.

Petitioner also alleges that conflict exists between the decision below and *Mills v. Greene*, 159 U.S. 651 (1895). In *Mills*, Lawrence Mills sought the right to vote in an election at an upcoming state constitutional convention and was denied. Mr. Mills appealed to the United States Supreme Court where his case was dismissed as moot because the convention had assembled and the election had passed before his appeal could be heard. Petitioner's reference to *Mills* was a citation without analysis, thus Respondents are at a loss to detect the conflict that Petitioner claims was present with *Mills v. Greene*.

Petitioner next relies on and in fact misstates the dissenting opinion in *Cover v. Schwartz*, 133 F.2d 541 (2nd Cir. 1942), *cert. denied*, 319 U.S. 748 (1943). Petitioner claims "the *Cover* court recognized any notion of vacating the district court's judgment of invalidity for mootness would be 'so fine an opportunity generally for a defeated plaintiff (the patentee) that such a result is really unthinkable' 133 F.2d at 549." What Judge Clark actually said in his *dissent* was "Now, of course, dismissal [not vacation] of the action would be such a trap for the Defendant and so fine an opportunity generally for a defeated plaintiff to get away from the burden of an adverse judgment -

that such a result is really unthinkable." 133 F.2d at 549. Judge Clark in his dissent made no reference to the notion of vacating the district court's judgment of invalidity for mootness. Furthermore, the dissent disagreed with the majority on the very point Petitioner cites. The appeal was dismissed. 133 F.2d at 545.

The majority opinion in *Cover* held that where no unfairness to an appellee resulted, it was appropriate to merely dismiss a moot appeal. The majority in *Cover* distinguished *Electrical Fittings Corporation v. Thomas & Betts Company*, 307 U.S. 241 (1939). In *Electrical Fittings*, "the Supreme Court held that the decree of validity, in the absence of infringement, was improper, and if not vacated, would stand as an adjudication against the Defendants; accordingly, it held that they were entitled to have that portion of the decree eliminated . . . ." 133 F.2d at 547. In the instant case, as in *Electrical Fittings*, the district court entered a decree of validity in the absence of infringement. Thus, no conflict exists between the *Cover* case and the instant case because the *Cover* court addressed a different situation than was present in *Electrical Fittings* or the instant case.

Petitioner claims that the Federal Circuit's decision conflicts with the decisions of the District of Columbia Circuit and the Ninth Circuit. The first case cited is *Center for Science in the Public Interest v. Regan*, 727 F.2d 1161 (D.C. Cir. 1984), wherein Petitioner claims appellant caused dismissal of its own appeal and was left in the same position as if no appeal had been taken. (Petition p. 29). Contrary to Petitioner's allegations, however, what happened in *Center for Science* was that the Treasury Department promulgated a new

rule, superceding the old rule at issue which had been found defective by the district court. Enactment of a superceding rule thus rendered moot any controversy over the old rule's prospective application. 727 F.2d at 1164.

In *Center for Science*, the circuit court vacated that portion of the district court order ruling that the old rescinded Treasury Department regulation set a new date for the regulation to become effective. *Id.* at 1165. However, where review was prevented by the intentional enactment of a superceding regulation by the Treasury Department, the circuit court let stand the district court's decision regarding the Treasury Department's prior regulation. *Id.* at 1166. In the instant case, Respondents' passive role is not analogous to the affirmative or intentional acts of the Treasury Department in *Center for Science*.

In the second case, *Ringsby Truck Lines, Inc. v. Western Conference of Teamsters*, 686 F.2d 720 (9th Cir. 1982), Petitioner claims conflict with the appellate court below. When an appeal was moot because the appellant and appellee reached a post-judgment settlement, the *Ringsby* court recognized an exception to the rule that when an appeal has been rendered moot it is the duty of the appellate court to vacate the lower court judgment. Petitioner and Respondents do not come within this "settlement" exception so that the instant case does not conflict with the *Ringsby* case.

A second exception to the *Munsingwear* doctrine of vacating lower court judgments when an issue becomes moot on appeal was relied on by Petitioner and mentioned in a footnote in *Zemansky v. United States Environmental Protection Agency*, 767 F.2d

569, 573 n.3 (9th Cir. 1985). The *Zemansky* court noted "where the appellant ceases to press an appeal, the appeal does become moot, but this does not retroactively moot the controversy originally presented to the district court." *Id.* Respondents, having pressed their appeal, are not within the exception expressed by the *Zemansky* notation.

In concluding its argument on the mootness issue, Petitioner complains of the circuit court's reliance on *Fonar Corporation v. Johnson & Johnson*, 821 F.2d 627 (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 751 (1988), and *Vieau v. Japax, Inc.*, 823 F.2d 1510 (Fed. Cir. 1987). Petitioner asserts that those cases "involved issues favorable to the appealing party, which issues the appealing party did not appeal." Notwithstanding Petitioner's self-evident observation, no conflict exists between the decisions in *Fonar* and *Vieau* and the instant appellate decision.

Although Plaintiff has cited a number of interesting cases addressing some aspect of mootness, Petitioner has failed to set forth any case that conflicts with the appellate decision below. The appellate court decision is in accord with the decisions of this Court in *United States v. Munsingwear, Inc.*, 340 U.S. 36, (1950), and *Duke Power Company v. Greenwood County, S. C.*, 299 U.S. 259 (1936), wherein the Court noted it is common to "vacate a judgment to prevent a judgment, unreviewable because of mootness, from spawning any reviewable consequences." Not having presented any actual conflict between the judgment of the court below and any other circuit or Supreme Court case, the Petitioner should be denied its Petition for a Writ of Certiorari.

CONCLUSION

The Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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